



Digitized by the Internet Archive
in 2022 with funding from
University of Toronto

<https://archive.org/details/31761114671183>

29N
C21
073

P-1

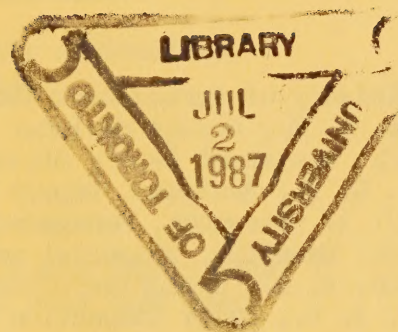
Government
Publications

STANDING COMMITTEE ON PUBLIC ACCOUNTS

ORGANIZATION

ANNUAL REPORT, PROVINCIAL AUDITOR, 1984-85:
MINISTRY OF AGRICULTURE AND FOOD

THURSDAY, MAY 1, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Harris, M. D. (Nipissing PC)

VICE-CHAIRMAN: Runciman, R. W. (Leeds PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gillies, P. A. (Brantford PC)

Gordon, J. K. (Sudbury PC)

Philip, E. T. (Etobicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Ministry of Agriculture and Food:

Switzer, Dr. C. M., Deputy Minister

Burak, R. M., Assistant Deputy Minister, Finance and Administration

Collin, Dr. G. H., Assistant Deputy Minister, Marketing and Standards

Galloway, J. I., Director, Management Systems Branch

Keith, M. S., Director, Financial and Support Services Branch

McDermid, Dr. K. A., Executive Director, Quality and Standards Division

Ashman, Dr. J. S., Dairy Inspection Branch, Quality and Standards Division

From the Office of the Provincial Auditor:

Archer, D. F., Provincial Auditor

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, May 1, 1986

The committee met at 10:11 a.m. in committee room 151.

ORGANIZATION

Clerk of the Committee: I will now call for nominations for chairman of the committee.

Mr. Ferraro: I nominate Mr. Harris.

Mr. Philip: I nominate Mr. Pope. I think the standing committee on public accounts should have a critic at large as its head.

Clerk of the Committee: There being no further nominations, I declare Mr. Harris elected chairman of the committee.

Mr. Philip: See, you lost again.

Mr. Ferraro: Can I have a recount?

Mr. Chairman: I have about a 50-minute acceptance speech here. I guess we need an election for vice-chairman. Do we need that next?

Clerk of the Committee: Yes.

Mr. Chairman: Mr. Runciman is not here today. I think he is ill. Before you nominate him, I have been informed that he would be pleased to stand.

Mr. Philip: I will nominate Mr. Runciman.

Mr. Ferraro: It is wonderful to see democracy at work.

Mr. Chairman: Are there any further nominations? Mr. Runciman has been acclaimed vice-chairman.

Let me remind people that after we deal with section 3.3 of the report of the Provincial Auditor, we should probably have a steering committee meeting. In the absence of that, the three items that were carried over were section 3.3 and the ministries of Housing and the Solicitor General. The clerk has scheduled Housing for next week and the Solicitor General for the week after. We can adjust that, but in the absence of any further direction, we would be doing at least those two items of business.

Mr. Philip: Sorry?

Mr. Chairman: We will be doing section 3.3 and Housing next week. Then we will do the Ministry of the Solicitor General. These were the three holdovers that we bumped around as we were doing other things.

Mr. Epp: Are we doing Housing and the Solicitor General next week?

Mr. Chairman: No. Housing is booked in next week and the Solicitor General the week after. However, I think the steering committee can take a look at how much time we need on each of those. We can change that if it is the wish of the committee.

We will need a motion today ratifying the steering committee resolution on our attendance at the Regina public accounts annual meeting in July. These are the items to be cleaned up under other business.

We have with us the deputy minister, Dr. Switzer, from the Ministry of Agriculture and Food, to look at section 3.3 of the 1985 annual report of the Provincial Auditor. Dr. Switzer has some comments he would like to make, and now is the appropriate time.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1984-85
MINISTRY OF AGRICULTURE AND FOOD

Dr. Switzer: Thank you, Mr. Chairman. To start with, may I introduce my colleague to my right, Rita Burak, who is the assistant deputy minister of finance and administration. We have other colleagues here too; I will introduce them to you to convey additional remarks as it is appropriate.

With your approval, I would like to deal with the items in the order in which they appear in the tabled report of the Provincial Auditor. The report first deals with three items from our purchasing and accounts payable section: (1) questionable management consulting arrangements; (2) management information system noncompliance with the Manual of Administration; and (3) failure to include motor vehicle taxable benefits on employee T4 slips.

Next in the report are three items from the comprehensive audit of our quality and standards division. These three are: (1) duplication of effort within the livestock inspection branch; (2) problems at the new milk testing laboratory in our dairy inspection branch in Guelph; and (3) the required improvement of our milk plant audit procedure.

With your approval, I would like to make a few introductory remarks on each of these items and then ask my colleagues in the appropriate areas to add brief remarks prior to whatever questions you have for us. Would it be agreeable to proceed in that manner?

Mr. Chairman: That is fine.

Dr. Switzer: I will first comment on the areas in our purchasing and accounts payable system that were examined by the auditor. At the outset, I would like to quote directly from page 21 of the auditor's report in order to call the following to the committee's attention:

"We concluded that internal controls, compliance with legislation and management controls were generally satisfactory. However, we noted that the following matters were in need of attention."

10:20 a.m.

I want to bring to the committee's attention that the auditor did have some kind words for us at the outset; then he put the "however" in there and it is the "however" with which we will deal.

Mr. Chairman: He always does that.

Dr. Switzer: The auditors found that, for one management consulting contract which ran from 1982-84, the ministry had not complied with the Manual of Administration policy on management consultants. I believe the essential facts of the contract in question are fully set out in the auditor's report and there is no point in my going through those again.

I am sure the committee is aware that in my response to the Provincial Auditor, which again is in the book, I indicated that the ministry has significantly increased controls regarding the purchase and management of consulting services. Last June we issued a policy requiring all our managers to submit compliance documentation to the audit service branch of our ministry for a pre-audit of the acquisition of all consulting services. We have also issued a manager's guide for the purchase and management of consulting services to assist our managers in complying with the Ontario Manual of Administration rules. We can make those documents available to the committee if it wishes.

I believe this process, which has now been in place in our ministry for more than a year, has had a twofold benefit for the Ministry of Agriculture and Food. First, it has significantly improved compliance with the detailed provisions of the Ontario Manual of Administration rules. Second, it has provided what I consider to be very valuable training for our managers in a somewhat unique area of administrative policy.

Your committee chairman may be aware that the Management Board of Cabinet recently revised and simplified the government-wide policy on consulting services. As a result, we have updated our internal process.

I would now like to ask Mrs. Burak, whom I introduced as our assistant deputy minister of finance and administration, briefly to outline for you our current procedures.

Mrs. Burak: As the deputy minister has already indicated, our approach to the acquisition of management consulting services is based, first, on a policy that all consulting contracts, with minor exceptions, must be pre-audited for compliance prior to signature and, second, on support for our managers through the guide on the purchase of management consulting services.

This approach recognizes that most of our managers do not use consulting services on a regular basis and may not be familiar with the detailed requirements of the policies relating to consultants. A good consulting acquisition process requires fairly sophisticated administrative practices and project management expertise. The approach of the Ministry of Agriculture and Food has the benefit of both ensuring compliance with government rules and providing management with training in the appropriate use of consulting services.

I would now like to give you a brief outline of the process for acquiring consultants, which is set out in detail in the blue guide that we have distributed. The process involves a number of steps and varies somewhat according to the estimated value of the project undertaken.

First, managers must familiarize themselves with the government's policy regarding consultants. This is especially important in light of the fact that the government has recently revised its policy for consultants. Next, managers

must ensure that they have properly planned for the project by considering a number of issues, such as the time frame of the project and determining whether there are internal resources available to carry out the work.

Once it is determined that external consulting services are needed, the managers must develop terms of reference for the project, which include a number of factors, such as costs and objectives. When the parameters of the study have been set out and the terms of reference completed, the manager must ensure that an appropriate selection procedure is undertaken and that evaluation criteria are written up prior to the acquisition stage.

If the project is estimated to be in excess of \$25,000, a formal tendering process is planned. The manager prepares the documentation required to indicate compliance with the feasibility and pre-tender portion of our compliance control checklist. This is set out in appendix IV of our guide. After the competitive selection process is completed, a contract is drawn up with the assistance and approval of the legal branch.

Next, the manager completes the acquisition and pre-contract audit sections of the compliance control checklist and forwards these with supporting documentation to the audit services branch. When it completes its review, the manager completes the contract and provides copies of it to our financial and support services branch, which maintains the ministry's contracts control registry.

The procedures to which I have just spoken are set out in more detail in appendix III of the blue guide. In summary, this process is a somewhat lengthy one, but one which ensures compliance and provides managers with assistance in avoiding potential problems associated with the use of external consulting services.

In the light of the new Management Board policy, which the deputy minister referred to, we are currently conducting a series of two-hour seminars with all our managers and a number of key staff to ensure that everyone is up to date on government policy.

Dr. Switzer: Mr. Chairman, do you wish to discuss this part now? There are six discrete units in our report. I am pleased to do whatever you wish, whether you want us to take you through the whole six and then come back and discuss them or discuss them as we do each one.

Mr. Philip: They break down into very distinct and separate units and it would be better for us if we dealt with them separately and disposed of them.

My first question is to the Provincial Auditor. Some fairly elaborate mechanisms and processes have been established to correct the problem. Are you satisfied that these procedures will eliminate the kind of problem we have had with this ministry?

Mr. Archer: I have not had an opportunity to review the material in any detail. I expect they have adequately covered the subject, and we are very pleased to see the prompt and comprehensive response they have made to our observations.

Mr. Philip: I am pleased in particular to see that you are doing some training of your managers on the Manual of Administration. During the

past few years, it has infuriated me that we have had, not just your ministry, which is an example, ministries in here constantly with violation after violation. It has to stop.

I have some questions on Mrs. Burak's statement for some elaboration. You said that the "management of the consulting services is based first on a policy that all consulting contracts, with minor exception, must be pre-audited." Can you give us an example of a minor exception?

Mrs. Burak: The exception I had in mind is a specific delegation which the deputy minister has authorized in writing to the executive director of our research and education division. The reason for this is that the agricultural colleges must hire from time to time either farmers or instructors who will do a one-shot course costing \$150 or perhaps as much as \$200. We felt the fairly elaborate procedures we have for the major consulting projects were not needed in that place. Having said that, within that division the executive director has established procedures in his own office to ensure that even with those small contracts the principles in the Manual of Administration are adhered to.

Mr. Philip: On page 4 you said that "managers must ensure that they have properly planned for the project by considering a number of issues, such as the time frame of the project, and determining whether or not internal resources are available." Would a majority of the kinds of projects you require have the resources available in the Ministry of Agriculture and Food? Can you give us some examples of where you have to go outside your ministry at present?

10:30 a.m.

Mrs. Burak: The phrase "determining whether or not internal resources are available" is the starting point. If there are staff on board who can undertake the work, one should not spend additional money on consultants. I am trying to think of a recent case where we hired a consultant. There were a few studies in our marketing division, for example, where we required marketing research to be undertaken. We do not have specific marketing research expertise to do a survey. That may be one. There may be occasions in our management systems branch, although we have systems staff on board, when a project requires a very specialized systems expertise. Rather than hiring someone for a lengthy period it would make sense to use external consultants.

Mr. Philip: I am always concerned about the tax dollar. I am also concerned on the opposite side, having been a federal public servant and also a consultant, if you want, to various groups, that while the expert may exist in the ministry, you can often get inbreeding. While the outside consultant may not look like a great bargain in actual dollars and cents, in the long run if you do not use consultants, particularly from other countries or other jurisdictions, you start to spin your own wheels.

I say to the auditor that there has to be a balance. There are often times when the outside consultant, simply because he is from outside and has a different background, a different perspective, can be of tremendous value. You need somebody from outside, first of all, to be objective. He has very little to lose in being completely honest. There is nothing within the system. If he offends somebody, he is not going to see that person the next day or rely on that person's help to get a promotion.

I have not been very concerned about the use of outside consultants as long as the tendering process and the Manual of Administration are followed. I hope that as a result of this experience, you are not going to err on the other side and create the kind of inbreeding that has happened, particularly in Ontario's educational system but also in some other systems.

Dr. Switzer: No, we hope not to err on the other side. That is the reason for the elaborate manual we put together and for everything else. We do intend to continue to seek out the best people to help us in our programs and to do it appropriately.

Mr. Philip: Is there any system by which you may purchase consulting services from the other ministries? Do you explore that as a possibility as well?

Dr. Switzer: This will come up in the next section as part of our explanation, but the answer is yes.

Mrs. Burak: I want to be sure I understand your question: Where we do not have expertise, do we look to other ministries before we go outside?

Mr. Philip: Yes.

Mrs. Burak: That is done. In the area of management systems, we consulted recently with the Ministry of Housing. They had undertaken a project we were thinking of undertaking, and we wanted to learn what we could from their experience. I think that is done throughout the public service.

Mr. Philip: At what level did this problem exist? Who is responsible for this? When I see contracts broken, I do not believe it is simply ignorance of the Manual of Administration. I am very suspicious that somebody who has a very good knowledge of the Manual of Administration is trying to get around it. Who authorized this?

Dr. Switzer: It is fair to say the deputy has the ultimate responsibility for everything that goes on in the ministry. This must have been authorized, since the rules went from 1982 to 1984. It was authorized before my time. I cannot answer your question specifically, but the deputy has the ultimate responsibility.

Mr. Philip: He has the ultimate responsibility, but in the real world of these cases, did he have knowledge of it?

Dr. Switzer: I am sure he had knowledge of it. Whether he authorized it, I do not know. Can anybody who was here then help?

Mrs. Burak: I was not in the ministry in 1982, so I cannot answer your question specifically, but I would like to respond to one point you made. While I cannot say for certain that in every case people have made honest mistakes in regard to the manual, Management Board's recognition of the difficulty in following the old policies in the Manual of Administration was recognized. They have updated that policy and made it for easier for managers to comply. In my experience, 99.9 per cent of the time people have tried their best to follow the rules. Now, happily, we have made it easier for them to do so.

Mr. Philip: After so many incidents, at the risk of sounding vengeful, I would love to have a head or two roll on these things. We have had so damned many of them.

Mr. Epp: They usually roll uphill.

Mr. Philip: That is the problem.

Mr. Polsinelli: You want to teach someone a lesson, but you do not know whom.

Mr. Philip: I get annoyed at this aspect because we have had one case after another. If there is another example, you may be sure we will find out who is responsible and you may be sure he will be sitting in that chair and we will be doing our best to make him lose as many gallons of perspiration as possible.

Mr. Chairman: Have you concluded your remarks?

Mr. Philip: Yes.

Mr. Ferraro: I will try not to regurgitate anything that has been indicated already. My first question is to the Provincial Auditor: When I read your report, do I understand correctly that there were two contracts? One was for \$1.2 million for a computerized system and subsequently, whether there was one contract or not, between September 1982 and May 1985 \$780,000 was paid to a company for processing costs and \$480,000 for development costs, roughly \$1.2 million. Are there two different entities here?

Mr. Archer: That is true, but we are not dealing with that item at this point. We are dealing with the tendering process with regard to the previous item. If you have our auditor's report it is at the top of page 23, which is about a fragmented contract.

Mr. Ferraro: I do not have that. I have 22 and 24.

Mr. Archer: We are dealing with an issue of a total amount of \$125,000.

Mr. Ferraro: Are we going to get into the other one more specifically?

Mr. Archer: Yes.

Mr. Ferraro: Okay, I will hold off. My apologies.

Mr. Epp: Dr. Switzer, we are dealing with this contract of \$125,000. Do you believe the ministry obtained proper value for one person to work over two years, probably on a part-time basis? As I understand it, there was one person who did it.

Dr. Switzer: Yes, that is my understanding.

Mr. Epp: Over two years?

Dr. Switzer: Yes.

Mr. Epp: On a part-time basis?

Dr. Switzer: It is very hard for me to say yes or no to your question.

Mr. Epp: I know you were not there.

Dr. Switzer: I was there. I came in 1984. The results of all the activity in this area were starting to come to fruition in 1984. All this was background for what we have called the red meat policy. A lot of this consulting work was done to build up a store of knowledge that was then put in place for Mr. Timbrell to bring forward his red meat policy in January 1984.

I know there was a lot of background work needed because it was a \$62-million effort. Whether this particular person had a major impact on it I honestly cannot say. I can only say that all that background was needed and that this individual contributed to the background. Some of my colleagues may want to add to that, but it is the best I can do with your question.

Dr. Collin, who is Assistant Deputy Minister of Agriculture and Food, marketing and standards, will comment.

10:40 a.m.

Dr. Collin: I can give you a list of the kind of studies that did relate, as the deputy said, as background to the red meat strategy of the ministry. The items that the studies looked at were, by title, stockyards and cattle, pork, sheep, poultry, those being the livestock components of the meat industry of the province. Then there are the input issues, the study of grains and oilseeds. In response to your question, yes, those are the kind of topic areas at which the individual studies looked. They were studied over a two-year period, as a preamble and a background to an introduction of the red meat strategy of the province.

Mr. Epp: You are saying then that you have a list of half a dozen or so areas they looked at but this information was not available, or there was nobody within the ministry who was adequately trained and objective enough to get this information, so you had to get somebody from outside to do it.

Mr. Ferraro: Who was the consultant?

Mr. Epp: Can you answer my question first? Then you can answer the second part as to who it was.

Dr. Collin: In this case, yes. The consulting firm did provide experience with the industry in the meat sector, working with the industry and with corporations of the Ontario meat sector. This firm did represent a private sector point of view. At least at this time, I certainly do not find those kind of people as resources in the ministry. The resources we rely on very much in this area are people involved in the economics and policy branch. They are economists and research people, not necessarily reflecting a very recent and up-to-date business experience in meat commodity sectors. I hope that will help to answer your question.

Mr. Epp: When we are talking about a point of view, of course, getting together a few people in the private sector and having dinner with them and discussing these various things, you can get their point of view and it will probably cost you a few hundred dollars as opposed to \$125,000. Maybe not some of the resources. I do not know what kind of resources you have there, but--

Dr. Collin: Maybe I can help you. I agree 100 per cent with you on that kind of point. From my own limited experience, and I have only been in

this sector of marketing for the last year, we have looked at more recent studies where we have had to reach out into the private industry. The kind of meeting you suggest, bringing in processors and even commodity producers, facilitates so much, if you can have the agenda laid out with an overview of the industry, identification of problems and sometimes even recommendations to address some of the problems.

In preparation for that kind of meeting it helps very much and dollars are very well spent in assigning to an individual consulting company the responsibility to develop an agenda, to develop a background paper, so the individuals coming do not only represent their very narrow point of view. You probably know better than I do that in meat processing you have a very wide range of processors. One company may only look at hog slaughtering, another company may look at preparation of pork smoked products.

Somewhat you have to get together the kind of group that would be valuable to look at the overall picture. Many times, when we do go out with consulting studies, it is simply to develop an agenda, to develop an overview of the total industry, whether it be stockyards, cattle, pork, sheep, poultry, grains or oilseeds, to give that background paper, to try to identify some of the problem areas and then bring the group together to get the interaction.

It is very interesting because processors will have particular points of view, and the ministry has a responsibility to get the points of view of the primary producers. One of the component concerns is whether there is a market in Ontario for the commodity, be it hogs or cattle. It is part of the process. You utilize the consultant to address the agenda, the background paper, and keynote into problem areas and opportunity areas.

Going back to answer your question, many times people in economics and resources research people truly have an economics approach, but sometimes they do lack first-hand knowledge and opportunities in the industry sector. We get great value for our dollars in this kind of study. In one we did recently, to respond a little bit to the other earlier question, you probably realize that Ontario and the rest of Canada was faced by countervail action when the U.S. pressured very hard to tariff and close the border to hogs from Ontario and other provinces. That triggered a very quick study in October and November 1985.

To look again at the industry sector, the hog industry, because the countervail applied to live hog shipments into the U.S., our producers were then asking the question whether they had to build more resources for slaughtering hogs to produce pork which enters the U.S. market without a countervail tariff. In this case we had to turn out to the industry, because we were really asking for someone with inside knowledge to go out and dialogue and discuss with the industry, a person who had the competence and ability to talk on a president-to-president level.

That was very effectively done over the two-month period. It addressed the problems of countervail and the upcoming problems of trade with the U.S. It was done quickly and it was done following exactly the rules and regulations Rita Burak has addressed. The study was completed and integrated into the ministry, and then our staff looked at the recommendations of the consultant representing commodity and processing sector.

Mr. Epp: We have only a limited time and I want two short questions. One is going back to what Mr. Ferraro asked. He asked who the consultant was, and that has not been addressed. Two, how voluminous was that report. Do you have a copy of it?

Dr. Collin: The most recent report?

Mr. Epp: The report this consultant did.

Mr. Ferraro: Nine in succession.

Mr. Epp: Were there nine successive reports?

Dr. Switzer: There were three reports.

Dr. Collin: There is a series of reports. Some of them are very carefully documented, tabulated, in hard cover, etc. The consultant is Kelijair Consultants Ltd.

Mr. Philip: If you would not mind sharing it with us, do you have ongoing studies at the moment on the effects of the free trade negotiations? Are those studies in-house or through consultants?

Dr. Collin: It is a very interesting and a very detailed process. We started by establishing under the deputy's leadership a committee to address U.S. free trade and bilateral trade between Canada and the U.S. A series of meetings started on January 3, I believe, and went on until roughly the end of March. Our ministry staff have gone out and met with primary producers, hog producers and grain producers.

They have gone through the whole sector analysis with the producer sector and proceeded from that kind of private consultative meeting to a similar consultative meeting with processors. You have to appreciate that the producer and the processor have a very different point of view on the issues of opportunities and problems. Right now, this week, we are doing the third series of consultative meetings at which we are looking at the linkage between the primary producer and the processor.

That is done by bringing in and looking at one sector. For example, earlier this week, the poultry industry met with our staff to look at the linkage of production process. To do that, they brought in producers, the actual poultry boards--we call them feather crop boards--and the processors or the users of those commodities, whether they represent the broiler industry, the egg industry, the turkey industry or furthering processing of those products. That process is under way right now, and it will continue for about two weeks. In that time, the whole process will be summarized and given to our deputy, who will interact with other deputies of other provinces, looking at the total issue.

10:50 a.m.

Mr. Philip: So that will be a public report, published.

Dr. Switzer: Eventually. If I might, Mr. Chairman, just add to that. This is part of the ongoing process that was set up by the first ministers' conference last November. The first ministers at that point instructed their ministries of agriculture across the country to get together and prepare a national strategy for agriculture. One facet of that deals with free trade. As part of that, Dr. Collin has taken the lead in our ministry and, as he said, this report is coming forward. I am meeting with my counterparts in Ottawa during the second week in May, etc.

The direct answer to your question, sir, is most of this work is being

done in-house by our own staff. To my knowledge, George, we have not as yet sought outside consultants in the free-trade area.

Mr. Philip: One would think this might be an area where a Washington-based consulting service might be of value to you. I wonder if that has been considered or if you currently have a contract with one.

My other question, just so I do not have to ask a third supplementary is, I was not quite sure when the reports would be released. Is it after you have met with the other first ministers, or the first deputy ministers, as the case may be? What is the process for members of the Legislature finding out what is in those reports?

Dr. Switzer: The process, as I understand it, is we are putting something together for our ministers. The ministers are meeting as a group--which they do once a year--in late August. I would presume this will be kept more or less within the group working on it until late August, at which time it would become a public document. I do not think there is anything wrong with anything we have been doing being made available at any time. There is nothing secret about it.

In answer to your other question, we had retained an agricultural consultant in Washington for a year. We terminated that contract about two or three weeks ago, simply because we thought we had got all that we needed to get from him. We were interested in how he saw the legislative process in the United States going on, leading up to their farm bill.

Mr. Epp: That was Mr. Beaver, was it?

Dr. Switzer: Beaver. No, that was not his name. It was Paul Weller, a well-respected agricultural consultant, we found out. We did it all correctly, Mr. Archer, in terms of employing him. Those are the answers to your two questions.

Mr. Philip: I appreciate that. I realize it was not a public accounts question, but it was certainly an interesting one.

Mr. Chairman: Mr. Epp, are you finished?

Mr. Epp: Yes, thank you.

Mr. D. W. Smith: Could you give us the terms of reference that you drew up for this consulting firm to tell us what it was supposed to be looking into or the exact terms of reference? Can you give us that type of material?

Dr. Switzer: I am going to have to get some help. George, can you help on that?

Dr. Collin: I just have to help you with second-hand knowledge. My understanding is the initial interest of the ministry--the intent of the study if I can put it that way--was that in the initiation of the Board of Industrial Leadership and Development program in 1982, one aspect of the BILD interest was to address the Ontario Stock Yards. That was the initiation of the contract.

Mr. D. W. Smith: When you say you addressed the issue of the stock yards, was it whether to move them to another place or leave them where they were?

Dr. Collin: I certainly was not in marketing at that time, but I recall a lot of the publicity involved in early 1982 was the question: Is it timely to move the Ontario Stock Yards from its present position? On that basis, that was really the question that was addressed to the consultant. The background or paper, the information needed to address that particular problem about the location of the stock yards.

Mr. D. W. Smith: You really do not have terms of reference now.

Dr. Collin: I am sorry, I do not.

Mr. D. W. Smith: Okay.

Mr. Ferraro: I will try to be brief. Where you have an hypothetical situation where you give a contract to ABC Co. to do a specific mandate, it has been my experience, and I am sure the experience of everyone in this room, that consultants are notorious for making project plan B and plan C. Some of them may be legitimate. My question specifically is, now does your scrutiny initially deal with that eventuality?

Second, when you have that eventuality, and you do surpass the minimum limit of \$15,000 or whatever the case may be, do you automatically have to go to Management Board or Cabinet?

Dr. Switzer: Mrs. Burak, can you deal with that?

Mrs. Burak: Again, I want to be certain I understand your question. A lot turns on how well the terms of reference are drawn up and the request for proposal is set out.

Mr. Ferraro: You have got them as tight as you possibly can have them.

Mrs. Burak: If you have done it as well as you can, when the bids come in and before you send out the bids, you should also set out, using the terms of reference as a guide, the evaluation criteria you are going to use; what things are a must, what things are desirable.

When those bids come in, again using those evaluation criteria, you should at that stage of the game have a very good sense in your mind about whether the people are really going to be able to do what they claim they can do, based on the terms of reference, for the dollars they say they are going to do it for.

There should have been a number of discussions or at least one discussion in the bidders' meeting that transpired. At that stage, things should have narrowed down fairly well. If you are confident that you have picked the successful bidder and you have agreed to a price, the policy is that you should stick to that ceiling price. You have established a ceiling price and people on both sides of the table are on an equal footing so you should stick to that ceiling price. To ensure that you do so, you should arrange to have regular briefings, depending on the length of the project, pieces of paper, status reports, ensuring that they are keeping to the terms of reference. If problems do develop, and there are occasions when they do--

Mr. Ferraro: I have taken it a step further, if I may, Mrs. Burak. Notwithstanding the intallibility of bureaucracies--and politicians to have all-encompassing mandate--let us assume that either the politicians or

bureaucrats came out with an offshoot of the original report requested or, indeed, the consultants may come up--and I am sure they will--with possible areas brought to the attention of the ministry that should be covered, my question is: After the original contract is let, you are going to go back to the ABC Co. to do the natural offshoot of that, as approved by everybody, do you have to go to Management Board, or do you treat it as another separate entity?

Mrs. Burak: It would depend on the significance of the change. If after you had already let the contract go, some significant new piece of information was felt to be needed out of that project, you would have to make a judgement call: Is it so significant that we should call a halt and re-tender to ensure we have really included all the people who could best do that work? That might be one judgement call you would have to make.

If it were a minor modification, where realistically you knew that the ceiling price was no longer going to make it if you made this addition, my first gut feeling would be to approach Management Board and say: "This is how we see it. Do we require formal Management Board approval to proceed?"

Mr. Ferraro: That is exactly it. For example--and I am not trying to throw anything negative on, save and except the process--if you give a contract to ABC Co. and you give another contract to ABC Co., whether it is associated with the first contract or not--presumably it will be--do you have an automatic check in there whereby Management Board has to approve it, because you are in essence giving two contracts within a specific period, let us say a year or something? Do you have that check in place?

Mrs. Burak: We do, in the Ministry of Agriculture, because of the pre-contract signing checks and the pre-auditing procedures that we have.

Mr. Ferraro: Do you automatically have in there that you are going to go to Management Board if you are giving two contracts to the same consultant?

11 a.m.

Mrs. Burak: Yes. Before a manager ever signed that second contract, we would question that manager about why.

Mr. Ferraro: I mean more than question it. Would you go to Management Board for approval?

Mrs. Burak: If, in our judgement, the rules required that we had to, yes we would. There may be--

Mr. Ferraro: Wait a minute. Why did you put a caveat on there, a qualifier; if in your judgement.

Mrs. Burak: I am not trying to put a caveat on it. Using your earlier example of one contract with a minor modification to it which meant that the question of should you re-tender or should you carry on, I would say yes, we would have to go to Management Board. If you are now asking in the context of the case that we have just gone through--if that is what you are asking--in the context of the auditor's report where there are separate projects, I am saying I think the onus is on the ministry to make the judgement call about whether they are really separate and distinct projects.

Mr. Ferraro: Let me then ask the auditor if he felt, personally, in such a process whereby if you are giving more than one contract to one consultant, it makes sense from an auditing standpoint to have Management Board approval?

Mr. Archer: The key here is whether the projects are related. If they are two totally different projects and there just happens to be one consultant to handle them both, then from an audit standpoint, we would treat each one its own merit, but if they are related contracts--and that is the context of the one we are commenting on in our auditor's report--then you have to look at it as one big package and follow the rules accordingly.

Mr. Chairman: Before we go on, could I ask one brief hypothetical question. Let us say the free trade talks start and something is on the table of significance to Ontario that you had not anticipated that flowed out of the talks and the deputy came to you and said, "Here is the type of information we need." You determine that you are going to have to retain a consultant to get that information. The minister is being hammered in the House. Everybody wants to know what is happening. The deputy asks you, "How long to get this report back to my table?" How long does it take to go to the outside consultant, meet all the rules and regulations, and go through the tendering process if it is a \$25,000 estimate?

Mrs. Burak: Depending on the length of the project it could take a few days, a couple of days or it could take several weeks. In the case of an urgent project, we would try to write up the terms of reference very quickly. If we really felt it was an emergency situation where to do a proper tendering process to be fair to the consultants would take several weeks and we did not have several weeks, we would seek Management Board approval for an exemption to tendering on the basis of urgency.

Mr. Chairman: You would not feel constrained by any of the rules that are in place or any of your own internal procedures to get that information the deputy minister and/or the minister needs?

Mrs. Burak: No.

Mr. Chairman: I guess we should move on to the next item.

Dr. Switzer: Let me again make a few introductory remarks about the auditors' comments on our IPACS computerized planning system. I would then like to turn it over to my director of management systems, John Galloway.

I might mention to you that when I first came onstream, I had a little trouble with some of these acronyms that were bandied about. IPACS stands for integrated planning and control system. This system was introduced to the ministry back in 1982 during a period of great change in the Ministry of Agriculture and Food. It was envisaged that the effects of restraint on staffing and resources at that time would require big changes in functions and realignment of resources within the Ministry of Agriculture and Food. To a large extent I believe these decisions would have been a top-down process within the ministry and within the government.

As you are all aware, the effect of the recession of 1981-82, global oversupply of grains and weak demand for many agricultural products, has lasted longer than any of us thought it would. They are still with us and are likely to be, given the situation in the United States, for several years to come, barring local disasters. We all saw the other day what one man-made

disaster can do to the grain market. You can easily guess what a disaster of nature could do. Barring those kinds of things, we think these tough times in agriculture are going to persist for several years into the future.

Back in January 1984, when I moved into this job, the ministry had just gone through a major reorganization and several new programs had been introduced into the ministry to help out the farmers of Ontario. We are in a period of expansion into nontraditional areas, such as financial counselling, international marketing and involvement in the credit markets. I will not say that resource adjustments did not occur as a result of restraint, but the driving force was service to the community.

This situation required a different style of management and imposed new demands on the ministry's resources. Participative management, accountability of managers and retraining of our human resources for new tasks and to improve their productivity with the aid of technology became the essential requirements.

The IPACS system was a structured database designed to provide discrete packets of information on specific program activities. The information provided included financial, human resource and performance evaluation measures. It was designed such that a central authority could make decisions on minute program funding, based on this detailed information that it supplied.

As noted in my reply to the Provincial Auditor, a task force was established last June to evaluate the ministry's requirements for financial and human resource information. As one of its first duties, the task force reviewed the need for this IPACS and looked at alternative information systems.

The task force concluded:

(1) Although the IPACS had a sound theoretical base, in practice it was just too unwieldy and did not provide information in a form amenable to our senior management decisions within the ministry.

(2) There was duplication in the functions provided by IPACS and those already available in the ministry's existing accounts systems which we call COBIS.

(3) The operational cost of IPACS versus the incremental cost of using more features of our existing systems were higher.

(4) The human resource management aspect was likely to be assumed by the corporate human resource inventory system, CHRIS, under development for the government by the Ministry of Government Services.

As a result of these findings, and with the agreement of the senior management committee of our ministry, we terminated work on IPACS and the service agreement with the computer company was cancelled effective December 31, 1985.

The ministry is continuing to pursue its information needs in the area of financial, human resources and performance evaluation.

Our financial task force is still operational and will conclude its analysis next year and bring back a full report on the ministry's needs. In the interim, our ministry is utilizing its existing financial systems more fully and we are making use of commercial spreadsheet software on personal

computers to provide financial analysis and management information on budget control to our senior executives.

I would like to ask John Galloway to speak more specifically on the comments made by the Provincial Auditor in this regard.

Mr. Galloway: I would like to briefly review the history of IPACS. This system was initially an outgrowth of the zero-based budgeting process that was in the place at the Ministry of Revenue back in 1981 or 1982. IPACS was a system that was developed to incorporate the information necessary for the assessment of the impact of implementing, deleting or altering specific functions of the ministry programs. It was the intent of Revenue that IPACS be developed as a potentially useful tool for use in many of the ministries of the government.

11:10 a.m.

In 1982, with some staff changes, the development of IPACS shifted from the Ministry of Revenue to the Ministry of Agriculture and Food. The ministry at that time lacked a detailed budget forecasting system and management information system. It was felt by the senior management at that time that IPACS would provide a useful tool which could be readily adapted to the ministry's requirements. As IPACS had been under development at Revenue with a specific development agreement at the computer service bureau in question, it appears that no documentation was developed to legitimize the arrangements made.

I believe it is worth noting that the company used was likely the only supplier capable of providing this service at the time of the first agreement. The decision to use IPACS at the ministry appears to have been one of urgency in developing a comprehensive budgeting and human resource management system in the ministry. As the deputy mentioned, we were in a period of great change at that time. However, since that time, the ministry has matured rapidly in the areas of financial management and systems development.

In 1985, the management systems branch was created in the ministry, uniting three distinct development units operating in line branches. With the creation of the branch also came the centralization of authority for all systems and microcomputer developments and acquisitions across the ministry.

The branch provides services to the ministry in systems development and implementation, technology policies and standards, information and problem-solving in the area of office automation. Most important, the branch, working with the guidance of the ministry's data policy committee, which is a committee of executive directors, is responsible for ensuring compliance with all manual of Administration policies relating to systems services.

In keeping abreast of the rapidly changing microcomputer technology within the ministry, the senior management committee has approved and released a microcomputer policy statement, which requires all computer purchases to be fully evaluated by an appropriate feasibility study and justified by a cost-benefit statement or a business case prior to acquisition. Within the policy, specific approvals are required. Purchases over \$15,000 have to be approved by the data policy committee; those over \$100,000 require approval by the senior management committee, and those over \$200,000 by Management Board.

Within the year, the ministry will be embarking on the development of its information technology strategy. This process is complementary to the

strategic plan developed by the ministry last year. It will deal with the role of information technology in aiding the ministry to achieve its specific business objectives as outlined in its strategic plan in an effective and efficient manner. When completed, this will be submitted to Management Board for review, along with specific operational plans to achieve the objectives set out in the strategy.

Mr. Philip: Am I right to say in simple English and in one sentence that your task force basically confirmed that the auditor was right in his accusations? Is that not what it concluded?

Mr. Galloway: It concluded that the IPACS system was not, at the time of its study, useful for the ministry. We had other systems in place.

Mr. Philip: It concluded more than that. Did it not say there had been inadequate preliminary studies or feasibility studies? That was the first accusation of the auditor.

Mr. Galloway: Yes, that is true.

Mr. Philip: Somewhere in the task force, by the very way in which it responds to the problem, it admits that no tenders were issued.

Mr. Galloway: Correct.

Mr. Philip: Management Board was not asked.

Mr. Galloway: Not initially, no.

Mr. Philip: I find it too simplistic to say you were in a transition stage. Every ministry is in a transition stage. Why did it happen? Who is responsible for this? It is another example of the Manual of Administration being violated.

Dr. Switzer: There were some extenuating circumstances on it. I do not disagree with anything you have said. I would be surprised if we had found that the auditor was not correct. In my experience, frankly, I do not think we have ever found that out. We have disagreed with him on detail, but not as a broad thing.

Mr. Philip: Sometimes we have disagreed with him.

Dr. Switzer: There were extenuating circumstances, as I understand it, and I want to ask one of my colleagues to go through them. This did not all start in the Ministry of Agriculture and Food; this IPACS system was started elsewhere. It was then seen as a way of solving these problems in our ministry that have already been outlined. Rather than going out and getting something else, we brought it over from where it was started and put it in place in our ministry. As I understand it, that was an extenuating experience. If you wish, I am sure John or Rita could expand on that.

Mr. Galloway: As well, there was the anticipation that the total system for that first year, as it was being tried out, would not be more than \$200,000, which would require the approval of Management Board. In fact, the first-year costs were not more than \$200,000.

When it was realized in late 1983 that the costs were going to escalate significantly and that there was the intent to continue using IPACS at that

time, there was correspondence between the deputy at that time and the Secretary of Management Board with respect to the contract.

Mr. Philip: At the time it was realized, did your deputy go before management Board?

Mr. Galloway: He did not. There were a number of discussions and negotiations with Management Board, but no formal presentation was made to the board.

Mr. Philip: The Chairman of Management Board or the Secretary would be the only--

Mr. Galloway: The Secretary and the staff of Management Board were aware of the situation.

Mr. Philip: They never advised Management Board of that?

Mrs. Burak: If I may, I can let you know that the ministry prepared a formal report to Management Board on the topic in February or March 1985, and that report was the culminating document from a number of staff-level discussions about this project going back to January 1984. There were probably nine months of discussions at the staff level before the final report was put before the board. The board members were not made aware of it until February or March 1985.

Mr. Philip: It took nine months to get what was a violation before Management Board. It did not have a report or even knowledge of it.

Mrs. Burak: It did not have a signed, formal report. My recollection of the file is that it did have one memorandum from the ministry indicating that the ministry knew there was a problem and wanted to work to solve it.

Mr. Philip: Can you put a price tag on what was wasted by this series of exercises?

Dr. Switzer: Before I ask John to comment, I have to say I am not sure the use of the word "wasted" is accurate. I have no problem accepting the auditor's viewpoint that there were funds that did not go through the appropriate procedures to have those funds approved. However, my view of the matter is that I am not sure these funds were actually wasted. An awful lot of good things happened as a result of this expenditure. Even though we are no longer using the system, many things happened as a result of going through this procedure that I think have had positive effects on our ministry and on the people who are involved in this.

That is my comment on the word "wasted." I would like John to respond on the dollar value and where it fits into this.

Mr. Galloway: I do not think I can put a specific dollar value on what you would call waste. The figure on production was about \$800,000. From that production, we received the information and we used it in both our 1984-85 and our 1985-86 budget planning processes. If you want to consider that we are no longer using the system, I am sure we could attribute some of that to the benefits we received in 1984-85 and 1985-86.

Mr. Philip: In simple terms, though, you can cost both your software and your hardware. You should be able to cost out of that what you are

currently able to use, and from that you should be able to cost what was wasted. I do not apologize for using that word. I would like to know what the cost was.

I am in the process of working with some people who are engaged in expanding and/or buying some new computer systems in my riding. You can cost what you are going to have to throw away. You can cost the software and the hardware if you are switching to a different system.

Mr. Galloway: We did not purchase any hardware in the process. It was all run at a service bureau. The development cost for the system was \$480,000.

Mr. Philip: How much of that will be used?

Mr. Galloway: None of that will be used again.

11:20 a.m.

Mr. Philip: Maybe the auditor will be able to cost it. It would be interesting to find out what the actual cost of this was to the taxpayer.

I have one last question. You twigged my imagination in your statement about an ongoing study or process involving human problems related to automation. Is the union representative represented on that committee, or whatever it is? I cannot find the place where you mentioned it.

Mr. Galloway: Is that in relation to human resources?

Mr. Philip: Yes.

Mr. Galloway: That will be a consideration when we are involved in our information technology strategy, how our own people adapt to the technology, how they can become more productive using the technology and what sort of training we will be required to undertake to assist them to become more productive.

Mr. Philip: Will they elect some people to be a part of that group?

Mr. Galloway: There will be a wide variety of people from all levels in the ministry involved in the process.

Mr. Philip: There is a big difference, though, between having people from all levels and having people selected by the employees themselves. Will they be selected by the employees themselves, or will it be a management-based task force in which you choose who is going to be represented?

Mrs. Burak: Perhaps I could explain the stages we will go through. You are quite right; there is no point in having a grandiose technology plan if you are not going to involve staff in now it is being implemented.

John is referring to the first cut using senior management to take a look at our own strategic plan, or business plan, and to determine what our technology needs are following out of that. Once senior management comes up with an overall plan and we have some agreement on that and know definitely where we are going over the medium to long term, at that point we will form a number of working groups.

Certainly, one of the key working groups would involve implementation within the ministry and we would see union staff involved in that as members of the committee. In terms of who would get nominated for that committee, we have a very good, well-run employee relations committee, a corporate one and several regional committees, and we would turn to the employee relations committee and ask for nominees.

Mr. Philip: Might it work in a similar way to the health and safety committee?

Mrs. Burak: Yes, somewhat similar.

Mr. Philip: With recommendations?

Mrs. Burak: Yes. They will actually be advising on implementation.

Mr. Ferraro: I think I am at the right place and time now to ask this question of the auditor that I asked earlier. Do I understand that we are talking about an initial contract of \$1.2 million, and two subsequent contracts for \$780,000 and \$980,000? Are they dealing with the same thing?

Mr. Archer: No, it is a series of agreements or contracts between September 1982 and May 1985 the sum total of which would be the two figures mentioned, \$780,000 plus \$480,000.

Mr. Ferraro: Maybe I should ask Mr. Arnott this question. Mr. Traficante prepared something on page 3 that says:

"The ministry entered into several agreements with a company for data processing and system development services related to the IPACS. Between September 1982 and May 1985, \$780,000 was paid to the company for processing costs and \$980,000 for development costs."

Is that not what you are saying?

Clerk of the Committee: It was \$480,000.

Mr. Ferraro: It says \$980,000.

Dr. Switzer: That is a typo. Somebody hit the wrong key.

Mr. Ferraro: That clarifies it immensely, thank you.

Dr. Switzer: There is \$500,000 there, Mr. Ferraro, that you made just like that.

Mr. Ferraro: I am sure, Dr. Switzer, if you had \$500,000 extra, you could put it to much better use than it has been put in the past.

Dr. Switzer: We would make good use of it.

Mr. Ferraro: Dr. Switzer, is there any relevance to the statement that if we found this redundancy, albeit there were some good things came out of this system, why did it take three years to rectify the error of our ways, if I can refer to it in that regard?

Dr. Switzer: I would have to start in January, because it did not take long after I joined the ministry to find out that this whole area was

very complicated. The staff could tell you very quickly that they found their new deputy not as quick on the uptake when it came to computer activities in this information thing as I personally might have liked to be.

In all seriousness, I spent three or four months in early 1984 trying to grasp what this was really doing. We had meeting after meeting on this. At that point I was at least trying to find out whether this was good stuff. That is about the time we decided to go back and take a real hard look at whether this was the way to go, and other things. It all started then.

I agree with you, it seemed to take a long time to make the final decision, but when you look at the whole picture of what we are trying to do here in developing an information system, I am not sure that amount of time was inordinate. It could have been done quicker--I do not disagree with you--but we moved through it about as quickly as we could to be sure of our ground, to be sure we did not want to use this system and then get out of it after we made that decision.

Mr. Chairman: All right, we will go on to the next one.

Dr. Switzer: The third part of this first section deals with vehicles and taxable benefits. I am sure you are all aware, having just gone through April 30, the Income Tax Act of Canada is very complex in many parts.

Mr. Epp: Good timing.

Dr. Switzer: Yes, it is. This fact often results in detailed Interpretation Bulletins from Revenue Canada and rulings on specific issues. The ministry's interpretation of the 1980 ruling, and our interpretation of "personal use" has resulted with the comments by the Provincial Auditor.

With that very brief introduction I would like to ask Michael Keith on my left here, who is our director of financial and support services, to speak further on this subject.

Mr. Keith: As the deputy stated, this issue is a very confusing topic, and the problem arises in the definition and interpretation of "personal use."

The Ontario Manual of Administration, and the Ministry of Agriculture and Food administrative manual clearly state that: "Government vehicles may not be used for private purposes, or driven other than on government business. However, to avoid unnecessary trips...employees may be permitted to park a vehicle at home overnight."

The Income Tax Act Interpretation Bulletin IT63R of 1980 states that this trip home overnight may be personal use and therefore taxable, depending on circumstances. The ministry sought clarification of this bulletin resulting from a court decision in late 1979 on this very issue. The ministry received a ruling from Revenue Canada which stated that a benefit does not arise under paragraph 6(1)(e) of the Income Tax Act, but may arise under paragraph 6(1)(a). Based on that ruling, senior management decided to cease calculating taxable benefits on vehicles in the 1981 tax year.

Mr. Epp: That must have been drawn up by lawyers.

Mr. Philip: Do you have 6(1)(a) and 6(1)(e) somewhere in your documentation, because that really does not mean very much to us.

Mr. Keith: They are actually very confusing. The Interpretation Bulletin is attached in there. I do have a copy of 6(1)(a) and 6(1)(e) here.

Mr. Philip: Do you have your correspondence with them in which they replied to you?

Mr. Keith: Yes, I do.

Mr. Philip: I am not too concerned about your letter to them. I assume you asked for clarification.

Mr. Keith: They are not part of the package, but that can be made available, sir. I do have them with me here. The Interpretation Bulletin is there.

The Income Tax Act was amended in May 1984, which further changed the interpretation and status of taxable benefits on vehicles. Any loopholes existing prior to that were closed; however, the definition of "personal use" remains unclear. As stated in our reply to the Provincial Auditor, QMAF's position in not charging taxable benefits on its vehicles is consistent with all other provincial ministries, and we will seek both clarification and assistance from Management Board secretariat and Treasury.

11:30 a.m.

Subsequent to the Provincial Auditor's release of the report, Management Board secretariat and Treasury have taken the initial steps and have advised all ministries to take the necessary steps to ensure the requirements of the Income Tax Act are followed. The Management Board secretariat has also requested its own staff, through its fleet management task force, to make provisions in its information system to capture the necessary data.

The Management Board secretariat has further asked the financial officers council of Ontario, which is made up of the chief financial officer of each ministry, to investigate other public sector jurisdictions and how they deal with this issue, and to seek a clearer interpretation from Revenue Canada related to public sector employees. Currently, these meetings are taking place with Revenue Canada and there have been no concrete results to date.

In dealing with Revenue Canada, taxable benefits on public sector employees' vehicles are not made in any government jurisdiction across Canada.

Mr. Philip: I do not understand the third paragraph on page 17. If you and every other province are still disputing the same point with Revenue Canada, how can Management Board suddenly ask you to take the necessary steps to ensure the requirements of the Income Tax Act when, as I understand what you are saying, you and every other province are satisfied that you are doing so? Is that not the gist of your point?

Mr. Keith: In the discussions, Revenue Canada is agreeing that it is a contentious issue. Its interpretation of personal use and how they apply it to its own employees is in question.

Mr. Philip: Who eventually resolves this? Is there any kind of independent arbitration system. Does it have to go to the courts or what happens? You and every other province sit there and say, "This is not our interpretation." Revenue Canada says, "Maybe you are right, but we believe we are right." who makes the final decision?

Mr. Keith: If it came to it, the final decision would be in the federal tax appeal court.

Mr. Philip: That may still happen.

Mr. Keith: Yes.

Mr. Philip: If that were to happen and you were to have a ruling against you, would that mean the federal government could come down on every province and ask it to repay all the moneys it did not collect over a period of whatever number of years?

Mr. Ferraro: Good luck.

Mr. Keith: I cannot answer the second half of that question, but the ruling could come down that all public sector employees should pay a taxable benefit on their vehicles.

Mr. Philip: Would you as the employer be the one responsible since you did not collect it?

Mr. Keith: Yes. That has happened in some cases in other tax cases.

Mr. Philip: I have been handling a number of other tax cases on behalf of some businessmen in my area, and ignorance, a mistake or a lack of clarification for collecting a tax-- I can think of one I have now with the provincial Ministry of Revenue in which somebody told a businessman in my riding that a certain type of air-conditioning and heating unit was not taxable if it was connected to the main system and other parts on other types were taxable. He did not collect on a whole series and now he is told he owes \$12,000. Obviously, he cannot go back to his customers and say, "I did not charge you tax." He is responsible for it.

Theoretically, if the courts come down against you, you could end up paying it back.

Mr. Keith: Conceivably, that is correct. The provincial government would be liable on behalf of its employees. As I stated before, the federal government also is not charging its employees, so the ruling applies to it as well.

Mr. Philip: It is an interesting dilemma. Does the Provincial Auditor have any comments on this? Where do we go from here? Suppose we ask them to report next year what happened with their negotiations. Is that where you see it going?

Mr. Archer: We will be following up the central agencies. As was mentioned, the ministries are now involved and are trying to straighten out this whole situation with Revenue Canada, because it affects not only the Ministry of Agriculture and Food but also some of the other ministries which are large users of public vehicles, for example, the Ministry of Natural Resources. From an audit standpoint, we will be following up to find out the outcome of that issue.

Mr. Philip: Would you not agree that under these circumstances, if you were in the position of this ministry, you probably would have done the same thing it has done?

Mr. Archer: I do not think so.

Mr. Epp: I do not think it applies at all.

Mr. Archer: As we point out in our report, their own manual--the way we read it--indicated the use of vehicles or driving to and from the office. That is a taxable benefit and we are criticizing that they did not follow their own instructions.

Mr. Philip: Are you not in some way saying the federal interpretation is correct, or more correct or more likely to be correct?

Mr. Archer: Yes. At this point, if you ask me for my opinion, we view that type of benefit of providing a vehicle for driving to and from work as taxable.

Mr. Philip: I hope the feds do not read Hansard.

Mr. Polsinelli: Would this not also apply to provincial and federal ministers of the crown, if their drivers pick them up at home and bring them to work and drive them back home at night?

Mr. Archer: I would think so. There is no doubt that it affects deputy ministers. The taxable benefit aspect is well looked after in that area.

Mr. Polsinelli: Maybe our federal counterparts should be made aware that it may affect them personally.

Mr. Ferraro: I believe they know.

Mr. Polsinelli: It may aid in resolving the situation.

Mr. Gordon: In a sense, you are making a judgement on this case. You are taking the federal position rather than the provincial position as auditor.

Mr. Archer: I do not know that I fully agree.

Mr. Polsinelli: That is not fair.

Mr. Gordon: No, do not say it is unfair. This is a question. He can give me an answer. I am being fair. I do not think I am being vicious here or hard to get along with. I am smiling.

Mr. Archer: Based on the evidence that has been supplied this morning, I agree that we could be construed as being in disagreement with the ministry's position. At the time of the audit, we thought we were in agreement, because the ministry's position is outlined in its own manual.

Mr. Gordon: In other words, you say it was a fair judgement call given what was in the manual.

Mr. Archer: That is correct.

Dr. Switzer: That is a very good point. It appears to me now, having heard this discussion, that probably where the ministry erred was in not modifying our manual in 1980 when the decision was made to interpret the Ottawa document in the way it was interpreted.

Mr. Philip: Does Mr. Archer agree with that?

Mr. Archer: That is a fair statement. Yes.

Mr. Philip: So you may not be coming down with an interpretation that the feds are more correct; you may be coming down with the interpretation that there was an error made in the manual by the provincial ministry.

Dr. Switzer: Are you looking at me, sir, or are you looking at the auditor?

Mr. Philip: I am looking at you both.

Mr. Archer: It was not so much an error but a failure to update a manual in the light of new information.

Mr. Philip: I am sure the lawyers for the Ministry of Agriculture and Food are somewhat relieved--

Mr. Chairman: We are probably not going to find out who is right until it all gets thrashed out. I cannot help but pick up on Mr. Philip's comment that Management Board and Treasury have taken the initial steps and advised all ministries to have the necessary steps taken. It is not that they are trying to cover their asses; they are not telling you what to do. Nobody knows what the heck to do.

Mr. Keith: Basically, they are saying that under the Income Tax Act, ministries must maintain vehicle logs to ensure that if staff members are using vehicles for personal use, it is identified. Management Board and Treasury are asking us to make sure that we have those vehicle logs available. If and when this case is resolved, we can then calculate personal benefits if they occur.

Mr. Philip: Are you planning to correct this now, as an interim stage, so that if something goes against you further down, you will at least cut your losses?

Mr. Keith: We are collecting the data now, yes. We have vehicle logs which started in January which capture the mileage that the people are putting on the vehicles and where they are going on their various trips. If they are using them on a regular basis for driving home and back to the office and that falls under their personal use, as we get a ruling from the Department of National Revenue, we can then calculate the taxable benefit. We are calculating it.

11:40 a.m.

Mr. Philip: Individual employees may owe a certain amount of money at some point.

Mr. Keith: It would be put on their T4s. For example, if we can decide and resolve it this year, it could be put on their T4s for the 1986 taxation year as a taxable benefit.

Mr. Philip: It cuts your losses as of the time you started collecting the data?

Mr. Keith: I am sorry, sir?

Mr. Philip: Your present action would cut your losses, at least from the time you started collecting the data.

Mr. Keith: That is right.

Mr. Gordon: Why should the employees be penalized for a dispute that is going on between two levels of government?

Mr. Philip: The ministry is not collecting it; it is simply collecting the data.

Mr. Gordon: It is retroactive.

Mr. Philip: If this is retroactive, then it is only retroactive to the time at which the ministry started collecting the data.

Mr. Gordon: Still, it is retroactive. The dispute is going on between two levels of government. Why should the employees be paying for a dispute?

Mr. Philip: They are not paying for it.

Mr. Gordon: When and if you do settle this and it becomes a taxable benefit for employees, I imagine that in fairness a date will be struck that will take care of that element, especially when it is two levels of government.

Mr. Keith: Informal discussions with Revenue Canada have been in the direction that we will come up with something for a future taxation year.

Mr. Chairman: I am not sure we are going to shed a lot more light on this subject. Can we go on to the next one?

Mr. Polsinelli: This does not only affect employees of the provincial government; it also affects a lot of people or companies where employees use vehicles for company business and then park them at home at night. The implications are much greater.

Dr. Switzer: The second part of the auditor's report deals with the audit of the ministry quality and standards division. This was a very different kind of audit from the financial audits we have been talking about for the past hour or so. The audit of quality and standards reviewed the overall efficiency and effectiveness of the division's programs and looked closely at its management processes and controls.

We found this process very useful. In a process such as this, auditees do not necessarily always agree with all the recommendations, but in our ministry at least, everyone acknowledged the benefits of this objective kind of review. Indeed, in the past year or so, we have begun doing this ourselves. Our own internal audit group has been asked to do and has done these kinds of audits on other branches of the ministry. We have a couple more planned for the near future. They are excellent things from the point of view of the staff.

With your permission I want to invite Dr. Ken McDermid, executive director of our quality and standards division, to make a few comments on the areas that were covered by the auditor.

Dr. McDermid: Let me speak first to the item on duplication of effort, livestock inspection branch. Under the Meat Inspection Act (Ontario), ministry inspection staff are required to be present and perform their duties during slaughtering operations in licensed plants. As well as carrying out ante-mortem and post-mortem inspections on animals, the inspection staff are required to ensure proper sanitation is maintained in plants.

Health inspectors of local health units have responsibility for enforcement of the food premises regulations under the Health Protection and Promotion Act. The act provides for guidelines which, in the case of slaughter houses and meat processing plants, require six inspections per year.

The Ministry of Health and Ministry of Agriculture and Food interministry liaison committee has discussed the duplication of sanitary inspections in provincially licensed slaughter houses. The liaison committee has been in place since 1977. That recommendation was made in connection with the study of the delivery of veterinary services in the province.

The committee has agreed that a close working liaison should be maintained between regulatory agencies and, further, that the inspection of licensed slaughter houses should be on a collaborative basis. As a result of co-operative efforts by the supervising regional veterinarians of the meat inspection program and medical officers, the duplication of inspections has been reduced to a minimum. The regional veterinarians are prepared to give medical officers of health the appropriate information pertaining to licensed slaughter houses. In cases where the medical officer of health wishes to have health unit staff inspect slaughter houses, joint inspections by health unit and ministry personnel are arranged.

Basically, the local health units are reducing their number of inspections in licensed slaughter houses and accepting the information as provided by the ministry's regional veterinarians. The ministry has not received complaints from plant operators since the collaborative approach on plant inspections took effect.

Mr. Chairman: Are there any questions?

Mr. Gordon: I take it a type of liaison has been set up between your inspectors and the health people to see that you do not have a duplication of inspectors going into these plants. Is that it?

Dr. McDermid: We appreciate the obligations that the medical officer has under the Health Protection and Promotion Act. He has wide responsibilities in relation to handling, processing and storage of food. It was agreed, through a liaison committee, that where the medical officer requires staff from his unit to make inspections, that arrangements be made with our regional veterinarian. The regional veterinarian is responsible for an area of the province in respect of meat inspection activities under the Meat Inspection Act. Where the medical officer wants his people to go in, then arrangements are made with the regional veterinarian concerned and the inspection is made on a joint basis. Thus, there is not the same problem posed for the plant operator.

We appreciate why plant operators can be upset when an inspector goes in from one jurisdiction today and two days later an inspector is in from another jurisdiction. They are being asked questions concerning matters which essentially fall into the same category.

Mr. Gordon: Given that I have great faith in the honesty and integrity of 99 per cent of people who work for government, business and so forth and given the fact that there is a very close relationship that is bound to evolve between an inspector who is always in the same plant day after day, is it possible that there could be one person who could decide to look the other way for one reason or another? You are talking about people's health, the food people eat. They open that package and they trust that the government

has seen fit to make sure that everything is completely above board. Is it not a good idea on occasion to have some kind of cross-check, whether it comes out of your own ministry or whether it comes out of the other ministry? Is that not an issue?

Dr. McDermid: I agree totally with what you say. Our supervisory staff, I feel, play a very important role in that regard. When it comes to the meat inspection regions across the province, we have supervision provided by the regional veterinarian that I mentioned, along with supervising meat inspectors. They make it a point to visit these plants from time to time and then check on plant conditions and the quality of the work being done by the inspector, not only inspection of the physical facilities, but inspections of animals and carcasses. Beyond that, an inspector looking at plants from the medical officer's standpoint is an additional check.

As long as those inspections are conducted with the inspectors from both jurisdictions being together, I think it can be done and you are not going to have an untoward effect as far as the operator is concerned.

11:50 a.m.

Mr. Gordon: When you consider that the medical officer of health and his people, given the Health Protection Act, are seen as sometimes being closer to the issues in any municipality and the consumers than the inspectors who would be immediately in the plant, there is a need for cross inspection. I would not want to see an inordinate amount. Common sense, of course, has to be used in all of these things.

Dr. McDermid: That is essentially the approach that they have at this point in time.

Mr. Epp: Are you more or less saying that some monitoring of the inspection is going on? Is that what you are saying?

Mr. Gordon: Yes.

Mr. Epp: Is that what you are saying without trying to imply that the person there is not doing a job or is dishonest? You are saying some kind of monitoring, where there is some duplication, is essentially what they are accomplishing?

Mr. Gordon: Yes. As the reply was made to me, certainly you have your next line of supervisors who check on the inspectors and what is happening in those plants. I am saying I see nothing wrong with further inspection from the medical officer of health's point of view because they have such liaison and communication lines into the larger communities. I think it is necessary that there be that type of inspection. It would have to be co-operative. They would have to work together.

Dr. McDermid: That is why we have this liaison.

Mr. Ferraro: Why do you have to have an ante inspection?

Dr. McDermid: The ante-mortem inspection is an inspection that is conducted on the animal.

Mr. Ferraro: On the live animal?

Dr. McDermid: Yes. It is important to observe the animal in a live state to determine whether or not there are any obvious abnormalities or symptoms of disease. It could be determined it is an animal with a temperature, in fact a high temperature. Where the meat inspector suspects that it is an abnormal animal he, in turn, contacts the plant veterinarian. The plant veterinarian will examine the animal and make a decision.

Mr. Ferraro: Do I deduce that a post-mortem inspection of the meat is not sufficient to determine that it is fresh and (inaudible)?

Dr. McDermid: Not in all cases. By and large that is true, but in certain cases the ante-mortem inspection would reveal information and findings that you would not obtain on post-mortem inspection--the temperature, in fact, as I mentioned.

Mr. Philip: Such as cancer for example.

Dr. McDermid: Yes.

Mr. Ferraro: You mean if you did not do an ante-mortem inspection on an animal you could not determine whether the meat was cancerous or not? Is that what you are saying?

Dr. McDermid: I am merely saying it is of value to look at the animal in a live state, whether it be cancer, whether it be an infectious disease or whether it be a condition caused by an injury. In the area of infectious disease, it is important that you do conduct an ante-mortem inspection because you may have an animal that is septicemic. In other words, it has organisms and infection in the blood stream, could be running an extremely high temperature, could be at that very early acute stage of disease, when it would be determined to be abnormal on the ante-mortem inspection. Yet on post-mortem inspection, you may find very little in the way of change. By and large, what you say is correct. The post-mortem inspection is truly the acid test.

Mr. Ferraro: Out of ignorance I ask this question: First, is there an implication here that there are some federally licensed and some provincially licensed?

Dr. McDermid: Yes, we have approximately 290 plants licensed under the Ontario Meat Inspection Act. There are also federally inspected plants.

Mr. Ferraro: But obviously there is no plant in Ontario that can operate without an Ontario licence; the federal licence is to go across Canada.

Dr. McDermid: Our meat inspection act provides an exemption for federally inspected plants.

Mr. Ferraro: The second derivative of the final part of the question is do we have inspectors for all livestock killing abattoirs?

Dr. McDermid: We provide inspection in all of the licensed plants. A meat inspector must be present in the plant to examine the animals before and after.

Mr. Ferraro: Does this apply to chickens and turkeys too?

Dr. McDermid: Yes; our program applies to poultry killing plants as well as rabbit killing plants.

Mr. Ferraro: The only exception to this ante-mortem inspection might be fish?

Dr. McDermid: Yes; we are not involved in fish inspection.

Mr. Ferraro: Although the deputy minister would probably like to--

Dr. Switzer: No comment.

Mr. Chairman: We can go on to the next one.

Dr. Switzer: I just pass to Dr. McDermid to continue with the next part, which is the milk testing laboratory.

Dr. McDermid: As stated in the ministry's response to the observations set out in the Provincial Auditor's report, in the 1960s the ministry pioneered the concept of centralized electronic testing of milk for payment purposes. In the early 1980s, a decision was made to establish a new laboratory, the decision being prompted by outdated equipment, an obsolete laboratory building and high operating costs.

The new laboratory, opened on March 1, 1985, not only provides for the testing that was done in the old laboratory but also provides for the microbiological and inhibitor testing which was previously done in 13 public health laboratories located across the province. Since no laboratory prototype was available that met Ontario requirements, it was necessary for a joint industry-government committee to evaluate new equipment and conduct research projects in preparation for building and equipping the new facility.

During the first three months of the laboratory's operation, March to May of 1985, it was determined that there was a slight downward bias in butterfat tests. It was determined that the problem related to the calibration of the testing equipment.

Dairy inspection branch staff worked diligently in identifying the problem and in restoring the accuracy of the testing. As well, the tests of every producer for the March-May period were adjusted upward in accordance with the error found in each month's results. In turn, the Ontario Milk Marketing Board paid each producer the appropriate additional amount and invoiced plants which had received the milk. Although the calibration problem resulted in concern and inconvenience for milk producers, corrective action was taken as quickly as possible.

I think that is a very important aspect in relation to this matter. As soon as a problem was identified, the laboratory staff and others in the dairy inspection branch moved as quickly as possible to identify the problem and then revealed that information to the committees concerned, which I mention in the next paragraph.

With regard to subsequent ministry action, the central milk testing laboratory technical committee has met and established accuracy levels. Its recommendation will be forwarded to the central milk testing laboratory policy committee meeting on May 12 for approval. The policy committee will, at that time, also be dealing with the establishment of a procedure to resolve questions pertaining to test results. The two committees, comprised of representatives of the Ontario Milk Marketing Board, the Ontario Dairy Council and the ministry, approved laboratory procedures.

Explanations respecting missing tests and the decision not to run two parallel operations at the old and new laboratories are contained in the ministry response embodied in the Provincial Auditor's report. However, the issue of too many missing tests has been thoroughly investigated by the dairy inspection branch and has been now resolved to the satisfaction of the Ontario Milk Marketing Board. The number of such unaccounted for tests is now the lowest in the history of both the new and old laboratories.

12 noon

Mr. Chairman: Are there any questions on this? Is the other related enough to do the two together?

Mr. Epp: With respect to the calibration of the testing equipment, is this monitored on a regular basis or was it by accident that you found out you were low in the downward bias in the butterfat tests.

Dr. McDermid: We had a lot of experience in the former laboratory when it came to the setting of standards for testing purposes. The instruments in the old laboratory were calibrated on the basis of milk that was obtained from eight designated farms. With the establishment of the new laboratory, we proceeded to establish calibration standards on the basis of those same milk samples. It was through the findings that were made in the laboratory during the month of March, the first month of operation, that it was determined that we were having lower butterfat readings. Although very small, there was what we refer to as a downward bias. That caused us to look immediately at the calibration aspect and determine if the standards we were using could be applied to the new operation. We determined that we had to develop a new calibration system.

I should point out that in the case of the old lab, the milk being tested was a composite sample. Milk samples were picked up by the drivers of the tank trucks who pick up the milk at the farm; a sample was then taken. Prior to the new lab commencing operation, the sample taken every second day was put into a bottle to form a composite sample for a 15-day period. That milk sample was preserved. We were dealing with preserved composite samples with the old lab.

In the case of the new lab, we are dealing with fresh milk samples. That is why we had the difficulty when it came to the utilization of calibration standards that were applied to the old laboratory.

Mr. Ferraro: What is the dollars and cents of that calibration adjustment?

Dr. McDermid: Over that three-month period--

Mr. Ferraro: How much was invoiced and how much was paid?

Dr. McDermid: --an amount in excess of \$3 million.

Mr. Ferraro: That is pretty good money.

Dr. McDermid: Dr. Ashman, the director of the dairy inspection branch, is here. Maybe he can indicate the specific amount.

Dr. Ashman: It was \$3.7 million.

Mr. Ferraro: Better check that equipment daily.

Dr. McDermid: It is being checked. Now checks are made on milks. Maybe I could ask Dr. Ashman to come forward to join me, if you wanted to get into the details of the calibration process. I can assure you that we do have a calibration process in operation now which not only satisfies the ministry but the policy committee that has representatives from the processors and the producers on it.

Mr. Epp: That satisfies the auditor?

Dr. Switzer: I would just make a comment, if I may, to Mr. Ferraro's question. As Dr. McDermid just said, the committee that runs this show has both the seller and the buyer on the committee. I can assure you, both are anxious that the test results be as accurate as possible.

The other comment I would make quickly is that this is a state-of-the-art laboratory. It is a fine laboratory.

Mr. Ferraro: It is well located.

Dr. Switzer: Yes, it is well located.

Mr. Epp: In fact, it should be expanded.

Dr. Switzer: If any of the members would like to look at this laboratory, I invite them to drop in at any time. I think they would find a quick tour very interesting.

Mr. Chairman: We would probably have to make a world tour of all laboratories to understand it is in fact one of the very best.

Dr. Switzer: We would tell you that anyway, sir.

Mr. Philip: I would agree to go as long as I do not have to go through the slaughterhouses at the same time.

Mr. Chairman: Can we move to the last item?

Dr. Switzer: The third and last item deals with the audit procedures that our ministry uses to audit milk plants. Dr. McDermid has some comments.

Dr. McDermid: Again we are in the area of the dairy inspection branch. Pursuant to the receipt of the Provincial Auditor's report, immediate action was taken in the form of extensive consultation with the ministry's audit services branch. The plant audit supervisor, dairy inspection branch and the audit manager of the audit services branch have recently concluded a thorough review of the milk utilization audit manual and have prepared substantial recommendations for the amendment of certain audit procedures.

During the first week of May 1986, the directors of both the dairy inspection branch and the audit services branch will be meeting with both individuals to review and approve the amended procedures. A review of the qualifications of the plant audit staff has been conducted. While the ministry recognizes the need for ongoing training and skills development, it continues to be our position that the staff is adequately trained to perform the duties required.

One of the most important aspects of the position of auditor in this program is that the individual must be intimately familiar with the milk processing industry and, therefore, dairy experience is considered to be essential. Although the Provincial Auditor's report indicated that only one of the 10 plant auditors had received any formal training in accounting and auditing, one of the auditors is a certified general accountant, one is a registered industrial accountant, two hold management study certificates and three are enrolled at present in a certified general accountant-certified management accountant program. Another is enrolled in a master of arts program.

The plant audit supervisor was in the position for less than a year prior to the audit and was in the process of developing improved reporting procedures and strengthening the staff and the development program. Substantial progress has been made in this regard.

In summary, we have moved in line with the recommendation made by the Provincial Auditor.

Mr. Philip: I have one question for the Provincial Auditor: Mr. Archer, are you satisfied with the actions taken?

Mr. Archer: Yes, certainly. The next time we are in we will likely check it out, but certainly from what was said, we are more than satisfied.

Mr. Philip: You do not have any further suggestions on this in the light of the steps that have been taken at this time?

Mr. Archer: The most significant step that I see is that they are working with the audit services branch--the internal audit group of the ministry--and I think any audit deficiency should be corrected without too much difficulty with input from that group.

Mr. Philip: When is the next time you are likely to be checking this?

Mr. Archer: Probably not for another year.

Mr. Philip: There are routine audits that come up every so many years.

Mr. Archer: We do not audit every ministry every year. I believe the Ministry of Agriculture and Food is one we do on a biennial basis, so it will probably be another year before we are back.

Mr. Philip: By that time you will have had two years, or whatever the start-up time is. I have no further questions on that. I am pleased to see they have responded.

Mr. Chairman: Thank you, Dr. Switzer, and all the staff you brought today for taking the time to prepare a very thorough response to the auditor's investigations. You have given us valuable information, and we appreciate it very much. We have given you valuable timing information concerning the next audit. I hope you will agree it has been a mutually beneficial experience. We thank you very much for taking your time.

Mr. Epp: We do our best.

Dr. Switzer: Thank you. I say in response to Mr. Epp's aside comment that we will do our best. Although we enjoyed the experience, we will do our very best not to repeat it.

Mr. Chairman: The clerk has circulated the auditor's report on the Wood Gundy valuation for the Urban Transportation Development Corp. I do not want to comment on it now, but everyone should have it. We will try to make sure the members who are not here get it.

Mr. Gordon has a motion arising from the last meeting.

Mr. Gordon: I move that the standing committee on public accounts travel in July 1986 to Regina, Saskatchewan to attend the eighth annual meeting of the Canadian Council of Public Accounts Committees--

Mr. Chairman: There is no press here; can you speak up?

Mr. Gordon: --and Vancouver, British Columbia to meet with officials responsible for the BC domed stadium, to inspect the UTDC-manufactured skytrain and to inspect the Ontario pavilion at Expo '86, and that the clerk of the committee be directed to make necessary travel arrangements and to prepare the committee estimates to reflect the committee's travel intentions.

Mr. Philip: Because of Mr. Gordon's usual timid and humble way I did not hear him say it, but did he say to examine the domed stadium in Vancouver and the marketing of seats?

Mr. Gordon: To meet with officials and the sponsors of the BC domed stadium, yes.

Mr. Chairman: If I can report on what has taken place to date, the clerk is investigating all the arrangements for us. I am informed the Board of Internal Economy would like to have our budget for May 27. On this motion the clerk will prepare a detailed budget to bring back to us. We will have to approve it and take it to the board for May 27. That is the timing.

Mr. Ferraro: I do not mean to be facetious by any means, and it was not in the motion, but it was implied that while we were out there we would check out the Ontario government's presentation at Expo.

Mr. Gordon: It is in the motion.

Mr. Ferraro: I am sorry, I just heard the part about the domed stadium.

Mr. Epp: You mentioned May 27. Is there any way of expediting that decision, or is that date at the request of the Board of Internal Economy? Is that when it wants the information?

Mr. Chairman: I am not sure. The information the clerk is getting back is that it wants to have a look at all of them and deal with them by that date.

Mr. Epp: The only reason I raised it was that from a planning standpoint some of us have other commitments. We would like to know whether we are going to go.

Mr. Chairman: The clerk has indicated he can bring the budget to next week's meeting. As soon as I get that approved by the committee, I will attempt to get it to the board as soon as we can.

Motion agreed to.

Mr. Chairman: I think that concludes the business for today.

Mr. Philip: Does the subcommittee have to meet now?

Mr. Chairman: Could we spend a couple of minutes?

The committee adjourned at 12:13 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

ORGANIZATION

URBAN TRANSPORTATION DEVELOPMENT CORP.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1984-85:

ONTARIO HOUSING CORP.

THURSDAY, MAY 8, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Harris, M. D. (Nipissing PC)

VICE-CHAIRMAN: Runciman, R. W. (Leeds PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gillies, P. A. (Brantford PC)

Gordon, J. K. (Sudbury PC)

Philip, E. T. (Etobicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitution:

Foulds, J. F. (Port Arthur NDP) for Mr. Wildman

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Ministry of Housing:

Cornell, W., Deputy Minister

Pitura, L. F., Assistant Deputy Minister, Community Housing; Vice-Chairman and
Chief Executive Officer, Ontario Housing Corp.

From the Ontario Housing Corp.:

Beesley, D. J., General Manager

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, May 8, 1986

The committee met at 10:14 a.m. in room 151.

ORGANIZATION

Mr. Chairman: I call the meeting to order. There are two items before we get to the regular agenda. First, we have a notice of motion that is just being passed out. While you are getting it, I have asked the clerk to pass out the budget. To finalize arrangements, you will recall that with travel arrangements being tight, the committee approved going to the annual meeting of political accounts committees in Regina, and since we were dealing with the domed stadium and with the Urban Transportation Development Corp. as our two main items of business, that it would be appropriate while we are almost there to carry on to Vancouver, meet with the UTDC people at SkyTrain and the dome people at BC Place and look at the Ontario pavilion.

This budget reflects that. It also reflects two weeks of sittings throughout the break. There is no urgency in getting that to the Board of Internal Economy. We thought we should take our total budget from when the House recesses until it comes back. I would like to get it to the board as soon as possible. At the last meeting we directed the clerk to bring us the budget today, which he has prepared, and I look forward to a motion to adopt the budget so I can go before the board.

Mr. Polsinelli: I so move, Mr. Chairman.

Mr. Chairman: Mr. Polsinelli so moves.

Motion agreed to.

URBAN TRANSPORTATION DEVELOPMENT CORP.

Mr. Chairman: Mr. Philip moves that John Kruger, special adviser to Premier Peterson, and David Hobbs, Deputy Minister of Transportation and Communications, be asked to come before this committee to answer questions concerning recent developments in the attempted sale of UTDC.

Mr. Philip: Since there may well be a contract signed next week, my proposal is that instead of this being debated next week, it be debated the following week, by which time we should have more information or at least UTDC should have more information.

It is the custom in this committee that when a notice of motion is given, it is reasonable for the person moving the motion to give the reasons. Briefly, the evidence that we heard seems to indicate that there is no identifiable transportation policy for which the sale of UTDC is a component.

We have deduced from evidence before this committee that the Premier, for whatever reason, has decided to sell off a number of crown corporations, and this happens to be the one that we spot to be the most easily saleable. The government announced in early March that it would net anywhere between \$35 million and \$71 million. This now is being disputed. The prolonged government

announcements and negotiations with Lavalin have prevented UTDC from signing contracts. At the insistence of members of our party, we were promised there would be amendments to the five-year resale provision in the proposal. We are not sure that has been included and we are still waiting for information on that.

Obviously, if the amendment is included, it would mean continued Canadian ownership and would be of some satisfaction to those of us who are concerned about the export of jobs, in the way in which we were concerned about de Havilland at the federal level.

10:20 a.m.

The Provincial Auditor has just filed a report with us and there are differences in the evaluation of UTDC made by the auditor with that of Wood Gundy. The Provincial Auditor has clearly indicated that in at least three different areas, Wood Gundy may have been somewhat conservative in its estimate of the value of this company. If the auditor is correct, it may well mean that the government is selling a company for less than it is really worth.

As the committee concerned about value for money and as the committee responsible for saving the taxpayers' money in whatever way possible, I suggest this falls within our frame of reference. At the same time, I feel the government has the right to conduct whatever negotiations it feels, as stated by its policies. As I understand that extensive meetings are scheduled for next week, I propose that we not put ourselves in the position where we may in any way be creating problems in any of those negotiations next week with any publicity, adverse or otherwise. Therefore, I propose that this motion not be debated next week as is the usual custom, but that it be debated the week after.

Mr. Chairman: I will treat it as a notice of motion. Normally we allow a couple of minutes of reasons for the motion. I think I have allowed that and then some.

Mr. Philip: I appreciate that.

Mr. Chairman: Normally, it would come back to the committee next week. Is there any objection to holding this for two weeks? We will not put it on the agenda next week.

Mr. Gillies: No objection.

Mr. Epp: If you want to hold it for a month or two, we will be glad to do that.

Mr. Gillies: I bet you would.

Mr. Chairman: I want to get to agenda item one, but I want to point out that if there is time at the end of today, we have circulated where we stand with outstanding business. We can discuss that if we have time at the end of today's meeting.

ANNUAL REPORT, PROVINCIAL AUDITOR, 1984-85
(continued)

ONTARIO HOUSING CORP.

Mr. Chairman: Today, we have with us the Deputy Minister of Housing, Ward Cornell, to talk about section 4.11 of the 1985 annual report of the Provincial Auditor. We also invited the chairman of the Ontario Housing Corp., but I am informed he is unavailable today.

Mr. Cornell: He is in the hospital.

Mr. Chairman: This was communicated to myself and the clerk. We invited Mr. Pitura, the assistant deputy minister of community housing. He is also vice-chairman of the Ontario Housing Corp. I felt that would be acceptable to the committee and communicated that. I turn it over to the deputy minister. Thank you for being here today.

Mr. Cornell: Doug Beesley, the general manager of OHC, is also with us. As a matter of procedure, do we hand out the statements now?

Mr. Chairman: Whatever you prefer. We like it, but we would not hold you to it if you insisted otherwise.

Mr. Cornell: They will be handed out.

I welcome this opportunity to appear before the standing committee on public accounts to discuss the matter of security services in OHC's Metro Toronto housing projects. Before I go into detail, I would like to provide some background information that I believe you will find helpful during your deliberations.

More than 15 years ago, when OHC was considering hiring company B, it was dissatisfied with the calibre of security at its projects in Metro. In essence, it was having problems with the quality of service from companies previously retained through a competitive tendering process. What OHC was looking for was not just another protective service. It wanted, indeed needed, a security unit that would be concerned as much with preventive security and helpful involvement with the tenants as with the actual protection of property against vandalism and matters of that nature.

In fact, the corporation considered creating its own in-house security unit. This was rejected because staff at the time felt it was important to avoid the perception that OHC was establishing its own police force, a perception that would have had a negative effect on the tenants we serve.

In some respects, OHC is like any other landlord in that it pays grants in lieu of taxes to municipalities that are responsible for policing. You might ask why we did not simply rely on the Metropolitan Toronto Police for security. Our Metro police force does an excellent job, but like other forces a lot of its services come after the fact. They investigate crimes after they have been committed. They are not equipped to maintain a high level of preventive patrols, which is a key ingredient in providing an effective OHC service in high-density social housing projects.

Company B was formed in 1970 to provide security services exclusively for OHC at its Metro Toronto projects, developments that are now managed by the Metro Toronto Housing Authority. Company B's employees have specialized

training and qualifications beyond those normally provided by conventional security service firms to meet the needs of our tenants in Metro. Its unique approach has defused many potentially volatile situations and we have evidence to show that it has built up a high degree of trust and credibility among the tenants it serves.

Looking at security in general, we have defined three levels of security service that meet the needs of individual industries. The first and most basic requires a uniform and little training. The second, what we call mid-level security, is generally involved with industrial and commercial work and smaller residential complexes. The third level is the most sophisticated. Company B falls into this category because it is designed exclusively to meet the needs of our tenants. Our agreements with company B have covered five-year periods since 1970.

Company A is a mid-level security company. In the opinion of senior housing authority management and OHC, portions of the Metro portfolio are less volatile than others, but they still require some form of security service. That is where company A comes in.

As the members of this committee know, OHC has been concerned about the single-sourcing of large funds to both companies without benefit of competition. We decided last year to tender security services in a specific region of Metro--in Scarborough, to be specific--so that we could evaluate the effectiveness of our approach. The results, to say the least, were interesting.

The housing authority invited 41 companies to tender, including company B, of which 15 companies responded. Only two of the 15 companies met our security service requirements. When the bids were scrutinized by the housing authority and OHC, it was found that the lower bid would have meant a net increase in costs of more than \$1 million a year. That is over and above the existing cost of retaining the two companies in Scarborough.

Without making a judgement as to the quality of service, we took a hard look at the costs. We, and just as importantly the tenants, were happy with the service we were receiving and it cost less money than switching to a new system. OHC decided to retain company B in Scarborough and continue in other projects in Metro, and a five-year agreement was executed, effective last August. The housing authority also reached an agreement with company A to continue its service.

Before we made these decisions, there was a strong reaction from OHC tenants in Scarborough when it became known that we were looking at replacing company B. They argued that other firms give only a conventional type of security service, not one that emphasizes prevention of anti-social behaviour and crime. They said that they had established a good rapport with company B's staff and believed that these good relations had a positive impact on social wellbeing in their developments. When we learned that police and fire officials in Scarborough also recognized the special qualities of company B and supported the tenants, we figured we must have been doing something right.

It is difficult to quantify the cost benefits of using a specialized company in our security system. I believe our approach to security problems in our projects is something more than dollars and cents, although one cannot

ignore that factor of the equation. People from other housing authority jurisdictions around the world have looked at our system and praised it.

10:30 a.m.

In April I visited Chicago, where the question of housing authority security is a really difficult and sensitive proposition. The local police have the responsibility of looking after security, and they have police stations located strategically throughout the projects. I hasten to add that it is much needed and much used because there is a high incidence of violence in certain sections of the Chicago housing authority portfolio. As an aside, because of the degree of insecurity, in one project there is a 34 per cent vacancy rate. No one is anxious to move in.

It is difficult to get a cost-benefit picture of security issues unless you withdraw the service completely. The Ontario Housing Corp. cannot see its way to doing this; that would be acting in a very irresponsible manner. We already know the reaction of tenants when we proposed removing the specialized company from Scarborough. There was a similar reaction a couple of years ago when we elected to withdraw services at the Alexandra Park development in Toronto. Housing authority staff felt the area was becoming more stable. However, the tenants reacted strongly and opposed the idea. We listened to them, reviewed the situation and decided to maintain the service in the area. Obviously, we have no way of knowing what would have happened if the service had been withdrawn, but we do know the area remains stable and the tenants are happy.

There is one philosophical and one practical point to be made. Ontario Housing Corp. is the second-largest landlord in North America, second only to New York City. It is a large jurisdiction with an incredible socioeconomic mix. Yet--and I cross my fingers and touch wood--we have so far escaped the serious kinds of problems and incidents that have occurred in Los Angeles, Chicago, New York and, indeed, even in the United Kingdom in London. This is not to say that something will not happen here tomorrow, but we firmly believe that what we are doing is in the best interests of tenants and of society at large.

That said, we are also sensitive to the Provincial Auditor's concerns about the public tendering process. We intend this year to tender the work provided by company A, and the firm that is awarded the contract will be closely monitored to ensure that it meets our specifications and requirements. Our criterion is what is important for the protection both of tenants and of the whole social housing system. This area of security is one example that the lowest price does not necessarily produce the most cost-effective service.

With regard to the need for highly specialized security services, such as those provided by company B, we are looking at two alternatives, one being to continue to single source with prior Management Board approval. From the tender call in Scarborough in 1985 it is clear to us that firms able to provide the highly sophisticated level of security were few and were more expensive than company B.

We made a mistake in not advising Management Board of the results of the tender call prior to executing a new contract with company B. We will review this matter with Management Board officials. The second alternative would be to study the option of absorbing the specialized company staff into OHC's own operation, making them crown employees.

Len Pitura, Doug Beesley and I will be happy to answer any questions you may have.

Mr. Philip: I am concerned about what seems to be a very obvious violation of the Manual of Administration. It seems as though we have had a series of these.

Would you agree that this is not the first problem you have had with the Metro Toronto Housing Authority's management of its security services? Indeed, an incident was raised in the Legislature some years ago, as I recall--it was raised, unfortunately, by the Minister of Housing, who revealed the information even though I had given it privately to the police, and therefore probably crippled the police investigation--concerning possible fraud and abuses in the MTHA security system. Are you aware of that, and can you tell us what happened at that time?

Mr. Cornell: I cannot comment on that one in particular. Perhaps Len or Doug can.

Mr. Pitura: I do not know the specific question or the time in the Legislature that the question and answer were raised. I can tell you that, on the basis of the findings of our own internal audit in one of the districts in MTHA, fraudulent practices were discovered in the tendering process. As a result, charges were laid, and I believe on May 9 there is a court hearing to determine the actual date for the court case to take place.

Mr. Philip: If I am not mistaken, it was based on some affidavits I had supplied either to the Ontario Provincial Police or to the Metropolitan Toronto Police Force. Is that correct, or do you have a second series of incidents that I do not know about?

Mr. Pitura: I am sorry. I am not familiar with the one on which you swore an affidavit.

Mr. Cornell: Concerning the one Mr. Pitura is referring to, I know my own internal auditor brought it to my attention. We proceeded to bring in the police, and the police said there was justification for laying a charge. I do not know anything about affidavits from you, sir.

Mr. Philip: We are getting Hansard to check the reference, and I will give it to you later.

Why would you be so sensitive about changing a security company when you seem to be so insensitive about changing management companies in the privately managed projects throughout the city? What is the difference? The tenants one day have one company managing them, perhaps a company they are able to relate to. They know the people; they are getting along well. The next day a new contract is given out and there is a new private management company in there with different rules, a different set of guidelines and different managers. What is the difference?

Mr. Beesley: Perhaps I can respond to Mr. Philip. We are dealing with the management of the corporation's properties. There was certainly a specification that could be described and that would be part of the tender call that all firms would follow.

You are dealing with a Management Board or government restriction on limiting those types of contracts to three years. When the contracts came up

for renewal, they were retendered, and the decision to award to a different firm would be based on both the performance of the company through a pre-qualification (inaudible), the actual fee that it bid to carry out the work over a three-year period and its proposed budgets, as it saw them, for the remainder of that particular (inaudible). The corporation would be making its decision on the basis of three criteria, and it did in fact award the work to different firms on the basis of that information, so it was a competitive process that was performed every three years.

There was obviously a transition, as Mr. Philip indicated, during which the company that had had the contract previously was phased out. It came up to the expiry date of its contract and the new firm took over, and obviously there was a need to replace the firm.

With regard to operating within or having different procedures or processes that it might follow, it was required to adhere to the same terms and conditions, the specifications of the tender call. I am not aware of any specific differences between the management of a project by the company previously and by a subsequent company. We certainly monitor the transition between the two firms very carefully so as to ensure that there will not be a disruption to the service or a lower quality of service being provided to our tenants.

10:40 a.m.

Mr. Philip: All I can say is that, from personal experience, every time the management company changes at 75 Tandridge Crescent in my riding, I get complaints from tenants because they have to relate to a whole new set of people and a whole new set of ways of looking at things, and there are ways of interpreting guidelines that are quite different. If you want some consistency in security and if it is right to pay an extra buck in order to keep the same company that is doing a good job, I fail to see why that same policy would not hold through with management companies. It seems inconsistent to do it with one and not with the other.

I would like to ask you another question. This is not the only problem on which MTHA has not tendered. As I recall, you have adopted a new policy with regard to the tendering of locksmith contracts, have you not?

Mr. Cornell: I will have Len and Doug speak in more detail, but basically we have looked at the whole business of tendering practices--this is from our own internal audit. We are introducing or making sure that the procedures are in place and that a wide tendering process is undertaken for all aspects, particularly those things that are maintenance--

Mr. Philip: But that followed only after I filed a number of complaints from a number of companies that felt they were excluded.

Mr. Cornell: I cannot answer for that reason. I know that I, as manager, if you like, of the ministry and (inaudible) and I both felt it was important to have a good audit, and out of the audit have come these changes.

Mr. Philip: Is it your intention to address the auditor's recommendation that some form of cost analysis of security incidents be done and that information be used to determine additional security needs?

Mr. Cornell: One would like to be able to do that, but, as I said in my opening remarks, in some cases we are mixing apples and oranges. It would

be very difficult to make a comparison of what we get without withdrawing a service, and we do not want to do that. Len and Doug, would you like to amplify on that?

Mr. Pitura: It is difficult to analyse the costs. For example, we are trying to get a handle on the cost of vandalism, and we are just coming up with what we call internally a new property management system that will code and identify what our managers across the province think are items related to vandalism. This will be a start to try to get a handle on just what happens out there. Right now that type of occurrence is mixed with general maintenance replacement. I give you that as one action we are taking.

With respect to actually analysing the benefits and costs of a security system, as the deputy has already mentioned, it is one of those difficult things. If we look at tenant happiness, the work that is being done, again having the results of the tender call for a particular area in Metropolitan Toronto, revealed to us that we were getting a good service at a lower price, as far as we knew, than a new potential company could do.

Perhaps that is not a satisfactory answer to the question, but it gave us a relative feeling of comfort that company B was performing at a high level.

The other element is with respect to security services across this province. Fortunately, we have not had to budget for more extensive security services in our smaller housing authorities, other than those in Hamilton and Ottawa. The other smaller housing authorities have been able to cope well by working with local municipal police forces. We have kept a reasonable eye on that. To date, anyway, we have been blessed with not having to invoke any other additional security measures.

Mr. Philip: May I suggest to you that there are some areas of security that may be difficult to quantify? It is very difficult to quantify the senior citizen in a building who feels more secure or sleeps better at night or feels happier because she knows there is a security guard on that floor; or the individual who feels a lot happier because he has the peaceful enjoyment of his property because the security guard comes and does a little reality therapy with the fellow who wants to play his stereo at three in the morning.

I do not know how you quantify that. However, it seems to me that there are certain things you can quantify, and the management in every building I have talked to said, and it was the opinion of the justice committee--Mr. Epp can confirm this--that you could measure, and indeed, we suggested, as I recall, that you should measure, the difference between vandalism and general maintenance from building to building and then put in those kinds of changes. They may not be security changes. They may be architectural changes.

The example was that when Herb and I and the other members of the committee went through a building at 75 Tandridge, we got complaints that light bulbs, which cost \$3 apiece, were being knocked out every second night, and they were running through thousands of dollars a year. Our suggestion, after making it several times, was that you put plastic covers on them. When they put the plastic covers on them, the light bulbs were no longer vandalized.

Can you not, with the help of your building managers, put a figure on vandalism? Can you not cost it from one project to another? Obviously, in the projects that have high vandalism you may want to look not just at security

but at ways of involving tenants or community police in the area. You may also want to look at certain architectural changes.

Mr. Pitura: The point about architectural changes and working closely with the police is well taken. I know, for example, that Community Guardian services or any other security company employed by us works very closely with the local constabulary on the exchange of information. That happens.

Regarding architectural redesign, I know there is a project or two that probably needs some structural change in order to make it easier for the people to move around, and also to give greater comfort and to make it easier to monitor. There is one in North York.

Mr. Philip: With respect, you are not answering my question. Do you not feel it is possible to do a vandalism audit, project by project?

Mr. Pitura: Yes. I mentioned that we are putting in place in the next year or so what we call a property management system. It will have a variety of parameters in it that will have vandalism as one of its principle components.

Mr. Philip: It seems as though it has taken an awfully long time, because it was suggested a long time ago.

Are you familiar with the research done in Britain, which I brought to the minister's attention during his estimates? It shows the cost benefits of combining architectural studies in the light of a happiness factor and also a vandalism factor. It is the only extensive study that holds together. It proves fairly conclusively that there are some very direct connections between architecture and human behaviour, and between architecture and the costs of vandalism.

Mr. Pitura: The point is well taken. I have personally spoken with an architect or two who have some background on what they call--there is a jargon to it--environmentally safe design. We have also written to the United Kingdom to get more information on the example you mentioned.

Mr. Philip: I am willing to bet that once you made your improvements in Mount Olive, vandalism decreased enormously.

Mr. Pitura: How much is the wager?

Mr. Philip: If you can show me what the vandalism cost was before you did it, then I will make you the wager.

Mr. Cornell: I assume you consider graffiti as vandalism. Do you?

Mr. Philip: I would assume that.

Mr. Cornell: This is one of the major things and this is most enviable: our security and maintenance regarding graffiti, because graffiti breed. If you go to any other major housing authority in the world, particularly the ones in the UK, and look at the way we handle graffiti, they

are no sooner up than they are down. This is a costly process and it is where the security, maintenance and management people all work together.

10:50 a.m.

If we became so formalized about making the process replace the business of getting at the graffiti, we would not have as good a service. I do not know now you put a measure on how much money it costs or how much money you save by getting that piece of graffiti off quickly, and changed. We can get how much it costs from our overall maintenance fees, but I do not know how much have we have saved by doing it quickly. I think it is quite a bit.

Mr. Philip: It might tell you something, though. If you are spending \$2,000 removing graffiti at one project and at an other project of a similar number of units up the street, you are only spending \$500, it might tell you that there is something that you have to look at in terms of management or design, or something like that.

Mr. Cornell: We should look at it from a socio-economic mix.

Mr. Philip: Why is it that--and I do not think that you have answered it in your statement--you put out tenders in only one district? Since a lot of these security companies are city-wide, would it not be reasonable, if you are going to tender, to go to the whole city rather than district by district? Would you not get a better price if you went city-wide?

Mr. Cornell: As we tried to make clear, we felt that there are distinct types. When you have to think of the whole Ontario Housing Corp., we are in some communities with just a small number of units, whereas here in Toronto there is a very large number. There is an obvious difference between different components within the whole project, and so they can be handled in a different way.

Mr. Philip: Are you saying that certain security companies cannot meet all of the three types of needs, and therefore could not tender across the city?

Mr. Cornell: We have to ask company B but so far there is only one that has been able to meet the criteria standards and they have very highly trained and very specialized people.

Mr. Beesley: Can I respond to that? This question is quite a valid one and certainly the answer is yes. We believe there are companies that could meet those specialized needs and mid-level needs as well. Obviously the decision to tender all of the Scarborough area was to enable us to test the market. Our contract with company B was to expire at the end of July 1985. Had we indicated to them that we would not be renewing their contract, that we would be tendering all their work, they would have had to phase out their operations by the end of July and would have faced a serious disruption of staff departures during the spring and summer of 1985. Our project would have been in some period of uncertainty as to which company would be awarded that work.

As it was, we did tender the Scarborough area to test the availability of firms able to do that. The firms that did offer had bids that were considerably higher--in excess of \$1 million per year--to carry out the same work, in terms of a net increase in costs to the corporation over a three year contract. It would have meant the corporation would have had to pay \$3.3

million more for that service. Obviously, we wanted to test the waters and did not want to put all our eggs into one basket, in trying a public tender on the total portfolio first. We wanted to try one pilot area.

Mr. Philip: Let me ask you one last question, and it is a question I have asked the federal government. When I go through certain airports, in view of the recent news and so on, I feel very insecure. I do not think that the kind of security you are dealing with is anything like the kind of security that we are dealing with in airports, with terrorists and so forth, but it is the same central question. If security is a valid and important function, then if you put it to the tendering process, are you not encouraging those companies which, in order to meet the tender, will provide the least amount of training and probably the lowest salaries?

Therefore the product you are getting is probably the lowest available under the lowest price. That being the case, if it is an essential service, training is important and some consistency of employees is important. But anybody who would take a job at the airport as a security officer is a guy who is looking for another job elsewhere. He is doing something in the interim usually. I have talked to employees out there. That may not be the case with you.

Mr. Ferraro: That is not necessarily true.

Mr. Philip: My logical question then is, would it not make more sense for you to handle your own security, to develop a proper training program, to give some consistency to personnel and not be covered by the pressures of the marketplace?

Mr. Cornell: That is one alternative that we have thought about. As I said in my statement, the perception of Ontario Housing Corp. having its own forces is not one that is conducive to good tenant relations. They do this in New York. They have part of their own force, and as a matter of fact they have jail cells right in some of their housing projects so that the internal security forces can just put people in jail. We do not perceive that as being a particularly good idea. Do you want to add on to that?

Mr. Pitura: Company B, the specialized company that does the majority of the security services, is now doing work exclusively for Metro Toronto Housing Authority; it does not provide service or work for any other organization. It was purposely developed exclusively because of the special needs of the Metro Toronto Housing Authority tenants. That is why just assessing a tender call on lowest price can get you exactly into the problem that you depicted. That is why in the criteria applied in evaluating the tenders price was one criterion but other factors were involved: the quality of training, knowledge in race relations, knowledge in law, what type of training program. These are the things that are now being carried out by the current security firm.

There is a close connection with one of the community colleges here with regular upgrading, etc. The dilemma we are in, as the deputy has I already mentioned, is when we go back to the Management Board we will be going back with these two options and evaluating fully the one, being exclusive single sourcing, and the other as to whether the security company should be an actual part of the OHC and the MTHA.

Mr. Philip: Let me ask you one last question stemming from your answer. If a specialized product is required, that only one company has been

set up to develop exclusively for another company, in this case MTHA, then by having that kind of exclusivity does it not open itself to future abuse? In other words, if as a profit-making company I am going to have an exclusive product that the government is going to buy, and I know therefore by my developing that exclusivity that I am not going to have any competition, does it not open itself up to abuse? Would you not be better off running the service yourself?

Mr. Pitura: That risk is always there, but what happens annually is a very close scrutiny of the operating budget by the authority and this security company. It is done annually to ensure that the costs related to mobile patrols--the radios, the foot patrols and whatever--are looked at and and the increase is justified. In fact, what you are saying there is that virtual monopoly and no close annual scrutiny on the budgetary process could lead to the possible scenario that you portrayed. It is a concern. It is a factor that the staff at MTHA and at OHC always have to keep in mind in dealing with this type of single-source contract.

11 a.m.

Mr. Epp: Gentlemen, when you are talking about contracts and putting out requirements for tendering purposes, could you not include in that tendering process the qualifications--such as legal expertise and other factors, a certain amount of training and so forth--that the trainees require so that you would have a basis on which to compare tenders?

Mr. Pitura: Yes

Mr. Cornell: I was going to say, that is done in the tender call, is it not?

Mr. Pitura: It was in the tendering process, as has been mentioned. There was a prequalification meeting of all the potentially interested contractors to bring them into a room so that they would hear the same story as to the quality we were looking for. I have personally received a call or two saying: "Well, you are just going to go for the lowest price and therefore now can we compete? If you want all this and yet you are going to go for the lowest price you will not get it."

That indicated to me that there was an understanding in the security field here in Toronto that we were looking for more than just the bottom price. The actual form of tender, which I do not have with me, indicated the requirements that would have to be met by these tentative, prospective tenderers. That was a very vital part of our information exchange with the security companies in this area. We did not want them to waste their time, or vice-versa, our time, by just putting in bids and not being able to understand the tendering process.

Mr. Epp: Would you explain to me your reference on page 8 of the statement as to the requirements and the \$1 million over your regular cost in Scarborough? I did not quite understand that. I am not sure whether everybody else understood.

I am referring in particular, Mr. Cornell, to the last paragraph where you say that only two of the 15 bids met our security service requirements and then you added \$1 million to that. I am not quite sure what all that means.

Mr. Cornell: I will give you a quick overview and Doug will give you

the details. Again, we wanted to test the water in terms of putting out part of this on tender, which we did and the result--

Mr. Epp: What do you mean part? I thought it was all of the OHCs in Scarborough.

Mr. Cornell: I do not know whether it was all.

Mr. Epp: How many units are we talking about? You have 95,000, 100,000 across the province; how many would be in Scarborough?

Mr. Cornell: There are 30,000 in Metro, housing about a 100,000 people, which is about the size of Belleville.

Mr. Epp: Okay, so you are talking about 3,000 units approximately.

Mr. Cornell: I do not know if it would be that high, but anyway--

Mr. Beesley: If there were 3,000 that were under some form of security division by either contract or company A or company B, we put all of that into the tender call. We did not add any new projects that had not previously had security, but we included all the projects that already had security being provided through either company A or company B. That became the tender call for the Scarborough bid. If you took a snapshot of what we were doing before the tender was called across all of Metro Toronto, in other words, all the work that is being provided by company A and company B, priced it out and then took a snapshot on what was done after the tenders would have been awarded in Scarborough, the extra cost overall would have been \$1.1 million more per year. Over the three years that would--

Mr. Epp: In Scarborough or Metropolitan Toronto?

Mr. Beesley: The whole Metropolitan security cost.

Mr. Epp: Oh, I see. If you use that model which you apply to Scarborough, then it would cost \$1.1 million more in Metropolitan Toronto for your 30,000 a year.

Mr. Cornell: So we were getting quantity, we were saving money. By the way, am I correct on this? This was the one where there was great tenant reaction, and there was great media thing saying, "Do not take company B away."

Mr. Epp: That comes out to about \$30 more per unit.

Mr. Beesley: May I clarify on your comment about the model. If we were to apply the Scarborough model across all of Metro it would have been much more than \$1.1 million because obviously company B would no longer be there. We would have been replacing it in all the other cities and boroughs of Metro Toronto as well, so the cost would have been considerably more. Our approach was really to examine the Scarborough situation as a pilot--

Mr. Chairman: Just to clarify, the excess of \$1 million was only in the Scarborough tender?

Mr. Beesley: It was in the Scarborough tender.

Mr. Chairman: Just in Scarborough it would have cost \$1 million more a year.

Mr. Beesley: It would have cost \$1.1 million more.

Mr. Epp: You said it was in Toronto.

Mr. Chairman: That is not what you said before.

Mr. Beesley: I was trying to explain how the tender was called only for the security needs in Scarborough.

Mr. Chairman: In Scarborough, right.

Mr. Beesley: To replace what we had already there with the new contractor providing service in Scarborough would have cost us \$1.1 million more, just to provide the same service in Scarborough.

Mr. Epp: Why?

Mr. Beesley: That was based on their bids meeting the same specifications that company B was providing for us in Scarborough and, indeed, in the rest of the Metropolitan Toronto area.

Mr. Epp: What are you paying a year for security services in Metropolitan Toronto, \$7.5 million?

Mr. Beesley: It is more than \$5 million.

Mr. Epp: When you are talking about \$1 million, are you talking about that over one year or over five years?

Mr. Beesley: One year.

Mr. Epp: I am missing something, gentlemen. How much did you pay last year for security services in Scarborough to company B?

Mr. Beesley: We do not have a breakdown.

Mr. Epp: Approximately.

Mr. Beesley: We have a total cost of \$4.5 million that we have paid to company B in 1985.

Mr. Epp: That is \$4.5 million to company B in Metropolitan Toronto for the 30,000 units?

Mr. Cornell: For that portion that they do. They do not do all of it.

Mr. Beesley: For that portion of the 30,000 for which they are responsible.

Mr. Epp: For what portion are they responsible?

Mr. Beesley: I do not have the figure of the actual number of projects, but I can get it.

Mr. Pitura: Just to clarify one point, the number of units tendered that would be provided with security service in Scarborough was 8,500 units.

Mr. Epp: In Scarborough?

Mr. Pitura: In Scarborough only.

Mr. Epp: Out of the 30,000 that you have?

Mr. Pitura: Out of the 33,000 plus that we have in Metropolitan Toronto. It is almost a fourth.

Mr. Epp: I do not understand how a company can bid for units and provide the same kind of service it is providing now and to meet a tender bid it would cost an extra \$1 million. Either you are not giving it to us straight, and I imagine you are giving it to us as straight as you can--

Mr. Cornell: Let me try to reword this.

Mr. Epp: Maybe I am the only one out in left field here, but I do not understand why all of a sudden, if company B decides to go into the tendering process, it is going to cost you an extra \$1 million to meet the same kind of requirements it is now meeting. That is what you are saying here as I read it.

Mr. Polsinelli: May I ask a supplementary? If we get the answer back, we will both understand it.

Mr. Epp: You do not understand it either?

Mr. Polsinelli: No.

Mr. Epp: I am glad I am not the only one.

Mr. Polsinelli: If you are paying company B \$4.5 million for its services in Metro Toronto, and you tender just the services in Scarborough, which I assume are substantially less than in all of Metropolitan Toronto--you have indicated there are only 8,500 units--would you be tendering in Scarborough for just the services that company B currently provides or for other services?

Mr. Cornell: As I recall it, we gave the criteria in the tender call.

Mr. Polsinelli: What services does company B provide in Scarborough and, out of the tender call you made in Scarborough, what percentage of those services were done by company B?

Mr. Cornell: May I just start over again to see whether I can put the thing in perspective? Then they can get into the details.

Company B has the contract for a portion of the 33,000 units. I cannot tell you how many but, as I mentioned in my comments, they are the most volatile, sensitive, difficult socioeconomic units.

There was a feeling, that again has been expressed through the years by the auditor and perhaps by the standing committee on public accounts going all the way back to the 1970s, about this always being put out for tender. We have taken the position at the Ontario Housing Corp. that more is involved here than just dollars and cents. There is the quality of service. We do not want to get into the problems they have had in other large metropolitan areas.

Mr. Epp: But Mr. Pitura said earlier that is part of the requirements--the training, etc. That is part of the tender.

11:10 a.m.

Mr. Cornell: I want to get around to that, but we had this feeling. we said, "All right, to find out for ourselves, let us take a portion of this whole package." So it was the Scarborough area we decided to do, to give a test run. we were not prepared to jeopardize the whole system until we could see what would happen in a tendering process. The tendering process was held with the new criteria that supplied the services company B is providing everywhere else.

There were 15 people who answered the call, only two of whom could meet all the requirements, and whichever firm it was, it was going to cost \$1.3 million or \$1.4 million more than we were paying company B.

Mr. Epp: In Scarborough?

Mr. Cornell: No, the overall cost.

Mr. Epp: For one year. No, it says in Scarborough. That is over and above the existing cost of retaining two companies in Scarborough.

Mr. Cornell: That is what it would be in Scarborough.

Mr. Epp: Gentlemen, pardon me--

Mr. Polsinelli: It is \$4.5 million for all Metro.

Mr. Epp: That is right. All of a sudden, you have the same criteria on the bidding process that you have now without the bidding process, and they are milking another million dollars out of you just to be able to bid.

Mr. Cornell: No. Company B did not bid.

Mr. Epp: Company B was not in there at all?

Mr. Cornell: No, it was not.

Mr. Polsinelli: What they are saying, Herb, is that they are getting a phenomenal deal.

Mr. Cornell: I do not know whether you can put it in a mathematical formula, but what we have is total service company B equals total service B plus A plus \$1.5 million, and they do not equal.

Mr. Epp: That tells me something, gentlemen, and it should tell you. Something is not right out there. If you are spending \$4.5 million in all Metro for security services that you gave to company B--and of those, 8,000 plus are in Scarborough--right?

Mr. Cornell: Yes.

Mr. Epp: You are saying, of the 15 who bid two companies met the requirements, and for either of them to provide exactly the same services company B is providing, it would cost a million dollars more than what you are giving to company B?

Mr. Cornell: Yes.

Mr. Beesley: As part of their overall program.

Mr. Epp: Either B is running at a loss, or the two companies that are bidding won a windfall as far as profits are concerned. Company B must be making some money. I am not throwing anything out there, but you have to ask yourself whether there was some deal out there whereby they decided to put in two bids that they knew damned well you would not accept. They are so astronomically high it makes company B look good.

Mr. Ferraro: Is it not just for the security system in Scarborough that they were a million bucks over? You are referring to the entire security system in Toronto, if I may interject.

Mr. Epp: No, they say companies in Scarborough.

Mr. Ferraro: Right, but is it not just for that portion in Scarborough that they tendered security services? Are you not saying the two companies that did tender were a million bucks over the portion of the \$4.5 million it would have cost to Scarborough, whatever that figure is, rather than over the entire amount?

Mr. Beesley: That is correct.

Mr. Ferraro: That is where you are getting it.

Mr. Beesley: Perhaps I could explain to Mr. Epp that an organization that covers a very large area, such as company B which covers from Etobicoke through to Scarborough, has a lot of infrastructure costs such as the radio system and a dispatcher on call 24 hours a day and tow cars out driving around the Metropolitan area.

Those upfront or fixed costs are spread over a much larger portfolio; consequently, the economies of scale are greater. Thus, the per unit cost, if I brought it down to unit cost, would be much lower than if you had to provide all those specific overhead costs for a smaller portfolio in the Scarborough area.

Mr. Ferraro: May I ask a supplementary that might clarify this?

Mr. Chairman: Everybody wants supplementaries. Go ahead.

Mr. Ferraro: Before you tendered, how much was the cost for the security systems that were tendered to company B on an annual basis? Obviously, the final figure, the lowest one you got for similar services, was \$1.1 million more. How much was the original one?

Mr. Pitura: We will get you that figure. We have it with us in some of our material.

Mr. Chairman: Do you have a supplementary on this? Bear in mind we are going to get the figures and we can come back to that point.

Mr. Ferraro: I am somewhat confused. As Mr. Epp indicated, it arises out of page 8 of your statement. You invited 41 companies to tender for a certain service, two of which met your requirements, but company B was not one of the companies invited to tender. Why was that? If we want to compare apples and apples, why did company B not submit a tender on the same basis as the 15 companies that responded?

Mr. Pitura: That is a good question. We were trying to develop and to learn for ourselves whether another security company was capable of providing at a reasonable price the same quality of security services as company B. We would be learning zero if company B were allowed to underbid, because it has the experience and it has the handle and it can spread its overhead over all sorts of things. We would have learned nothing.

It was an attempt by us to get the security business industry to compete to see if other companies could come up with the same level. If we allowed company B to compete--and I can assure you company B was not happy at being excluded; they could see the wedge in the door which down the road could mean evaporation of the entire assignment, exclusivity with MTHA--but that action was taken to try to ensure we would get a variety of security companies.

Mr. Gillies: I cannot follow the logic. Assuming it is a sealed-bid situation and company B submitted a bid along with everybody else, the others--

Mr. Cornell: They did not know.

Mr. Gillies: But had they been allowed to do so, I cannot see that the fact of their submitting a bid would have any effect on the presentation made to you by other companies. They would not know what was in company B's bid any more than company B would know what was in any of the others.

Mr. Pitura: If we go back to the objective of the exercise, it was not to give company B Scarborough. It was an attempt to get another security company involved in Scarborough. We intended to review the performance of that company over three years to determine how good or how bad it was, so when we wanted to come to the point of renewing or tendering for the security contract for all Metro, we would have a better answer as to the capability of security firms in Toronto to do that sort of thing.

Mr. Ferraro: You already had a proposal from company B. You already knew what they were going to charge, and then you went out to other tenders. Is that correct?

Mr. Pitura: We knew what company B would charge for the Scarborough portfolio. We did not have to go to tender.

Mr. Polsinelli: I want to follow up on that, because I am still lost. Let me review some figures and see how far off I am. In terms of the amount you have paid company B for all its services in Metro, we are looking at roughly \$4.5 million a year. Company A, which provides your mid-level security service, was paid roughly \$600,000. They provide their services predominantly in Scarborough. In terms of your total security services output payments for one year we are looking at \$5.1 million. Is that correct?

Mr. Beesley: Can I clarify your previous statement in terms of company A only providing service in Scarborough? They were providing it in other areas as well.

Mr. Polsinelli: They were paid about \$600,000, and the total cost for security services is in the neighbourhood of \$5 million a year.

11:20 a.m.

Mr. Beesley: No. Another company was involved, a company not referenced in the Provincial Auditor's report but providing a period of

service through private management companies. They were paid around \$300,000. If we add all the figures, the amount we have for the 1985-86 year was \$5.8 million.

Mr. Polsinelli: All right, \$5.8 million. That is your total cost for providing security services for a full year in all Metro. Scarborough has 8,500 units, and in all Metro there are roughly 30,000 units. So we have about 25 per cent of all the units in Metro and Scarborough. Would it be roughly true to extrapolate that 25 per cent of the security costs were applicable to Scarborough, so 25 per cent of the \$5.8 million was applicable to Scarborough? Is that a fair extrapolation?

Mr. Beesley: We have to examine what the projects are. There are many projects we do not have security services for.

Mr. Polsinelli: That is right, but I would say you have the same mix in Scarborough you would have in the rest of Toronto.

Mr. Beesley: I do not think I could go with that basic assumption. Some of the other areas demand a more delicate, sensitive, high-intensity supervision. It is not just a matter of 25 per cent.

Mr. Polsinelli: Let me finish what I am getting at, and then you can provide some figures. If we assume that my extrapolation is correct, out of the \$5.8 million we are looking at roughly \$1.4 million attributable to Scarborough. If we can use that extrapolation of 25 per cent of your total cost, if your total cost is \$6 million, \$1.5 million would be applicable to Scarborough.

If you tendered out the Scarborough contract for security services, what you are telling us on page 8 is that the lowest bid you got was not \$1.5 million but \$2.8 million, almost double your existing costs. That seems to be far-fetched to me. It seems you are getting a steal from company B, or else there is something wrong in the state of Denmark. When the bid you get is twice what you are paying now, it does not seem right.

Mr. Chairman: Mr. Beesley, could you tell us what the bid was?

Mr. Beesley: I can tell you the firm that would have been awarded the work was at \$2.1 million. When added to what company B would still be performing across the Metropolitan area, in addition to what we called this third company work, the total would have been \$7 million.

Mr. Chairman: Is that because company B would have charged you more for the rest, because they were losing a portion of it?

Mr. Beesley: No, we took their budget which is approved on an annual basis and portioned out the work they would no longer be performing in Scarborough.

Mr. Chairman: You said that was about \$1 million, because you say you saved \$1.1 million.

Mr. Polsinelli: What you are telling us is that your existing security services in Scarborough are \$1 million a year. That does not make sense, because they have 25 per cent of the units and they are only taking 25 per cent--I would like an exact breakdown of your security services in Scarborough, what your cost is in Scarborough and what the increased cost

would have been in Scarborough, rather than trying to deal with figures and make extrapolations. I assume those figures are at your disposal.

Mr. Pitura: We do not have them broken down that way. For example, there are about three types of security coverage provided by Company B, depending on what is happening. There is the foot patrol, project officers, there is the mobile patrol and there are the panda cars, the SWAT teams. There are these floating groups that cover all Metropolitan Toronto, two of the three I mentioned. They are the ones that are on call when there are incidents and occurrences. You cannot simply say, "Give us the Scarborough cost." You cannot quite pin it down because it floats.

Mr. Polsinelli: So you are telling me that test on Scarborough to determine whether another company could provide comparable services was a useless test. It was a unnecessary exercise.

Mr. Gillies: I think part of what the gentleman is saying is that you cannot take 25 per cent of the units and say ipso facto that will account for 25 per cent of the costs.

Mr. Polsinelli: I am not saying that is a necessary extrapolation.

Mr. Gillies: I hear you saying that each neighbourhood project depending on where it is, the circumstances, the construction, the makeup of the tenants, and so on, could require varying degrees of service.

Mr. Philip: On a point of order, Mr. Chairman: We do not seem to be getting anywhere with the questioning of the witnesses. Maybe the Provincial Auditor can comment on his insights into what I think is the fairly relevant question that Mr. Polsinelli has just asked. Can you tell us what your understanding is of what has gone on?

Mr. Chairman: It is a good point of order. I will come back to it soon. Go ahead, Mr. Epp, with your original question.

Mr. Epp: I do not mind the information coming from the auditor, but I want to clarify that is not a point of order.

Mr. Philip: I realize that, but I thought it was a point of interest.

Mr. Epp: As some of the other gentlemen have said, Mr. Cornell, you said you took a bid in Scarborough from two other companies and said it was not satisfactory. It was higher than what company B was charging you for Scarborough. You do not know what the cost in Scarborough is, so how do you know it was higher?

Mr. Cornell: We know the total cost of providing the service. If we hired another company as well as company B, we would be paying a million bucks more, and we know that company B could still cover that as part of its overall service.

Mr. Epp: A million bucks more?

Mr. Cornell: Per year.

Mr. Epp: Where?

Mr. Cornell: In the total package.

Mr. Beesley: If I could try to clarify this, our security costs over three years, if we had not done anything different than we did, would have been \$18.5 million. That was to continue with company A and company B and the other firm that was not mentioned doing the work through the private management firms, at a total of \$18.5 million.

After the process of the tendering was completed, if contracts had been awarded to the tenderers, the cost over the three years would have been \$21.8 million. The difference between the \$18.5 and the \$21.8 was \$3.3 million. In other words, our increased costs for security over the three years would have been \$3.3 million.

Mr. Cornell: One other thing on the costs that has been raised before on a private project basis--they are involved in the day-to-day thing, but I believe that this is an impossibility in terms of the (inaudible). I have to go back to the beginning.

This was a unique service to try to handle a unique and difficult problem that they have in all major cities in the world. We have tried, and touching wood and crossing fingers, we have been more successful than other major jurisdictions in the world. One year there might be a tremendous problem in area X, so company B is used differently, whereas the next year it might be area Y in the south part of the city. It is the total costs we have to look at, and the fingers go in the dikes at different times.

Mr. Philip: Does that not mean it is an impossible process?

Mr. Chairman: I would like to move on to Mr. Gillies.

Mr. Philip: How can you tell them to bid when you do not know that the circumstances are going to change in the units?

Mr. Epp: Could you clarify for me? Mr. Beesley said earlier that the amount is approved every year on an annual basis. Do you have a contract for five years?

Mr. Cornell: Five years.

Mr. Epp: Do you sit down and decide how much it is going to cost you on an annual basis?

Mr. Beesley: Yes, we review with company B its current salary level, what increase would be appropriate for the qualifications of the individuals at the various levels of security staff, what the costs might be to replace the patrol cars or some of the equipment they provide, such as walkie-talkies, etc. We examine their budget. It is a zero-based budgeting approach. We build up the budget from zero. We do not automatically give what they received last year plus a fixed percentage.

Mr. Epp: What is the significance of having a five-year contract?

Mr. Beesley: It assists the company in its recruitment and training and retention of specialized staff. It is a very high turnover business.

Mr. Cornell: Except in company B.

11:30 a.m.

Mr. beesley: Except in company B because they know they have a five-year contract. Their employees can take the training that Mr. Pitura referred to; they are tied in to the community college so they do take training during both business and personal hours.

They become involved in the project. One of the things Mr. Philip mentioned that I certainly applaud is that the tenants in a project become aware of the employees. He is there every night; he is there every weekend when the shifts require it, so he becomes identified with that project.

In dealing with other companies that are not providing service exclusively to the corporation, companies that may have 20, 30, 40 other contracts they have to provide employees for, they obviously are dispatching personnel all over the metropolitan area. An employee may not appear on the same project two nights in a row. That is a tremendous loss of local knowledge and experience and relationships with the tenants. That is the thing that you cannot put a value to in terms of the provision of security through company B, is that on-site continuity they have on their assigned projects.

Mr. Chairman: Could I go to Mr. Gillies? I know everybody wants supplementaries and I am having trouble not asking them myself. Mr. Gillies.

Mr. Gillies: I will be brief. I just have a couple of questions.

The auditor's report was critical of the fact that on top of reimbursing company B for the actual expenditures necessary to carry out the security operations, the Ontario Housing Corp. was also paying company B a management fee of \$240,000 a year. This was to cover the salary of the president of company B, taxation, corporate legal fees, directors' fees, expenses, and so on and so forth. The report was critical of that. I anticipate in asking you why you do it that your response is going to be that despite that, it is still cheaper than the other services you looked at, but I would like to hear an explanation.

Mr. Beesley: There is a tremendous liability involved in the provision of security in today's society. The companies are personally liable for any type of lawsuit, for any type of potential incident or negligence on the part of their employees. This company B obviously has taken on that potential liability. They insure themselves for it. That represents a cost.

They have other expenses associated with running the organization which are not directly chargeable back to the corporation. We are paying, if you will, all of its expenses. There is no other means by which they would earn a profit if there was not a management fee. The fee in previous contracts had basically been calculated on the rate of 6 per cent of their expenditures, plus the salary of the president who is employed full time in the management of the company.

There was also a \$120,000 imprest account which they used to pay their staff salary, and then subsequently invoiced the corporation. Those were all removed and the figure of \$240,000 was established as a reasonable figure to represent a management fee to cover all the elements of cost associated with managing it, including a return on the management being provided by the company to the corporation.

Mr. Gillies: I certainly would not be critical of company B for wanting to make a profit. Presumably that is why they are in business. I wonder though, as I think the auditor wondered, about the accounting

procedures. In terms of their expenses and so on, are you just accepting their saying 6 per cent on top of the cost of service? Do you accept that, or do you also look for some itemization of some of those things that you just mentioned, in terms of liability insurance, directors' fees, etc., etc.?

Mr. Beesley: All those expenses that you just referenced are their responsibility. As you deal with many management companies in terms of negotiating fee for service, basically you are working on percentages. The auditor may have felt that in 1985, I am not sure that the percentage is correct, but the percentage was around 4.3 per cent of the operating costs.

What other security companies might charge as a management fee could range upwards of ten per cent, so I cannot really comment on whether 4.3 is reasonable as the percentage this company is being paid. We believe it is reasonable in terms of the specialized service it is providing and the requirements of its being totally responsible for the staffing of those projects. They have never failed to meet a project-officer requirement on any project. I cannot say that of other companies.

Mr. Gillies: You put out a tender call to which 15 companies responded. Did they break out their costs on the basis of an estimated cost of providing the service plus a percentage management fee?

Mr. Beesley: No they did not.

Mr. Gillies: They did not.

Mr. Beesley: It would be basically on a per-hour basis approach. They would build in an element of management fee and/or profitability on that type of tender.

Mr. Gillies: Do I understand that it was the intention of OHC to have a new contract in place by August 1, 1985 for services?

Mr. Beesley: That is correct.

Mr. Gillies: That was complied with?

Mr. Beesley: The intent was that we would have called for--we did call for competitive tenders and we had an expectation that we would have made a contract award in June and have had that contract executed before the end of July 1985. As the results of the tender call have been explained to you, it did not follow that intention. It was not seen as cost effective to award it.

Mr. Gillies: Okay, I appreciate your argument. It is not cost effective. In future cases, would it be your intention to continue on the basis you are now or in some contractual form, if only to please the auditor and the members of the committee to formalize the arrangement you have into some sort of contract?

Mr. Beesley: We have an executed contract with company B which runs for five years, from August 1, 1985 to July 31, 1990. The requirements of the security service currently being provided by company A will be the subject of a tender call within the next few weeks. We are going to advertise and seek competitive bids for that level of security requirement.

Mr. Gillies: One final question. Mr. Deputy, in your statement you made reference on several occasions to strong reaction coming from the tenants

to a proposed course of action that you want to take with the security companies. Could you tell the committee if this was based on comments from individual tenants or formal approaches made by tenants' associations?

Mr. Cornell: A variety, there were a great many things in the newspaper and the tenants got terribly upset. They contacted their local members who got in touch with us for one thing. We actually had letters from them, "Please do not take them away," and we had phone calls.

For those of you not familiar with the actual day-to-day operations in some of our developments, company B is a very, very important part--from our point of view and also from the tenants' point of view. They felt very strongly that if they lost that force they were threatened, their security was threatened very strongly. It is a unique force. Because of the way it started back in 1970, the way it was created, the way it was developed, the high-quality people they were able to employ, because you have to be very sensitive to some of the intricacies of the socio-economic and other factors, there was a real outcry from just about all the tenants.

11:40 a.m.

Mr. Pitura: I do not know whether everyone can see this. This is in the Scarborough Weekender dated Saturday, April 6, 1985. The headlines say, Tenants Fear Crime Rise, New Security Company Won't Be Same, They Say, and Tenants Fear Sharp Crime Increase if MIHA Opts for Cheaper Security. This is a copy.

Mr. Chairman: That is fine.

Mr. Cornell: Actually, if it is at all possible, if you are interested, I could arrange for you to spend an evening with some of these security forces. I did it twice last year. It is an interesting evening. Whereas most security forces that are handling big bank buildings or whatever, there is quite a difference, believe me, in what happens, and there is a sensitivity.

Mr. Gillies: I would be most interested in doing that. Just by way of a final comment, I have been through Cabrini Green in Chicago, and I have been through Brixton in London.

Mr. Cornell: So you know what we mean.

Mr. Gillies: I can only echo what you said in your statement, that sometimes we do not know how lucky we are.

Mr. Cornell: You could even go to some of the good ones in Britain, such as Greenwich, which has a high reputation for its housing authorities, and look at some of the things in there which they have had to abandon completely.

Mr. Gillies: From some past experience in my cabinet portfolio I am also very aware of some of the tension and problems and chronic youth unemployment that exist in some of the projects that we have to be concerned about.

Mr. Ferraro: If I may, I would like to ask a few questions of the Provincial Auditor and then the gentlemen.

Could Mr. Archer tell me, because obviously in the standing committee on public accounts we have some tendering problems, to say the least, and I suspect we will have more, does Ontario have any standard guidelines for ministries in general as far as tendering procedures are concerned?

Mr. Archer: Yes, the Manual of Administration.

Mr. Ferraro: Does it specify that you have to have a minimum or maximum number of years and/or similar clauses?

Mr. Archer: There is generally a three-year or, in some cases, five-year limitation on the length of a contract.

Mr. Ferraro: Does it have buyout clauses, cancellation clauses and so forth?

Mr. Archer: I would have to refresh myself. I do not think the Manual of Administration goes into that level of detail.

Mr. Ferraro: It does have a basic standard?

Mr. Archer: Yes, very much so.

Mr. Ferraro: Concluding on this train of thought, does it indicate that if there is going to be diversion from the standards, Management Board of Cabinet approval is required?

Mr. Archer: Yes.

Mr. Ferraro: Has that aspect of it been followed? I would suggest not.

Mr. Archer: In this particular case, it has not. As the deputy minister has pointed out, they have admitted that with the most recent contract, which was signed effective July 1, 1985, they should have received Management Board approval to proceed without going to tender.

Mr. Ferraro: To digress a little bit further, that appears to be the overriding problem when it comes to tendering contracts. I am sure this committee will want to address that, possibly with a report or recommendation at a future date. Indeed, if there is some diversion from standard policy, that approval must be--

Mr. Chairman: I think that is what the deputy said on page 18.

Mr. Ferraro: Did he?

Mr. Chairman: He said, "We made a mistake in not advising Management Board."

Mr. Ferraro: I am talking about in all ventures. In any event, how many units are there in total?

Mr. Cornell: In Toronto?

Mr. Ferraro: In Ontario.

Mr. Cornell: We have 84,000.

Mr. Ferraro: How many areas or municipalities have security systems?

Mr. Beesley: Are we talking about supplementary security service?

Mr. Ferraro: Any security outside of the normal police force.

Mr. Beesley: There are two, the municipality of Ottawa and Hamilton.

Mr. Philip: You are talking housing authorities, not municipalities.

Mr. Ferraro: I am sorry, I am talking about housing authorities essentially, but there are municipalities involved in that. What I am getting at is, how many cities outside Toronto would require Ontario Housing Corp., private--

Mr. Cornell: Company B? Nobody outside Toronto would have company B.

Mr. Beesley: Not that level or degree of sophistication.

Mr. Ferraro: Toronto is the only one.

Mr. Cornell: Yes, sir.

Mr. Beesley: We have a lower level, or a mid-level, as we call it, in two other cities.

Mr. Ferraro: Hamilton and Ottawa. I am curious. Why would you have that in Hamilton and in Ottawa and not in London or in Windsor?

Mr. Beesley: It is the size of project and the concentration of families and children located in those communities, inside the family housing developments in those cities.

Mr. Ferraro: Is it safe to say then that the projects in Hamilton and Ottawa are larger than any other Ontario Housing Corp. projects?

Mr. Cornell: I am sorry; I missed the question.

Mr. Beesley: Yes, that is safe to say.

Mr. Ferraro: It is safe to say that the projects in Hamilton and Ottawa are larger than any other OHC projects in other parts of Ontario, except Toronto?

Mr. Beesley: Right.

Mr. Cornell: The density comes into that too.

Mr. Beesley: Yes, it is density of units per acre that is involved.

Mr. Ferraro: How does the Ministry of Housing quantify or check the performance of the security systems? What procedures do you use?

Mr. Beesley: There are a number of ways, both formal and informal. The informal one is that you would soon hear about it from the residents. They do not wait to report on it at the end of the week.

Mr. Ferraro: I can understand you getting reaction if they know you

are sending out tenders for a new security system. What is the standard procedure?

Mr. Beesley: If the standards of security are not adequate, if there is an increased incidence of vandalism or of wilful damage or graffiti taking place on the project, you will soon hear about it from the residents. They are concerned about their own living environment and they do not want to see it destroyed or defaced.

Mr. Ferraro: What are inherent procedures of the ministry or do you wait to get a reaction?

Mr. Beesley: We have what are called incidents reports. In other words, they are required to be filled in by the security company and they must be turned in to the property manager on the project the next morning. They refer to any episodes, disturbances or incidents that took place in the previous officer's period of employment on the site. They require a certain action to be taken, either by the security company in terms of follow-up or whether they called in an ambulance or they called in the police department.

Mr. Ferraro: Does that go to the ministry or the project manager?

Mr. Beesley: It goes to the project manager and copies go to the housing authority's own senior management. They know about it in their senior management as well as at the project.

Mr. Ferraro: How does the ministry find out about it?

Mr. Beesley: Pardon me?

Mr. Ferraro: How do you fellows find out about it?

Mr. Beesley: We can ask for and do receive from company B a consolidation of occurrences that have taken place within company B's jurisdiction on a monthly basis and on an annual basis.

Mr. Ferraro: You qualified. Which is it? You can ask for it or you do ask for it?

Mr. Beesley: We do ask for and do receive them. We have the major operator, which is delegated to the Metro Toronto Housing Authority. They are responsible for managing the project and for taking action with respect to that, because they have a contract with OHC, a management agreement OHC has signed with each of its 58 housing authorities. The accountability is with the housing authority to take whatever action is appropriate.

Mr. Pitura: For example, this is a monthly report--you cannot see it from that distance--for one project in Metropolitan Toronto. It has all sorts of ranges of offences, such as assault and bodily harm, break and entry, child neglect, disturbance, drunk, false fire alarm, mischief, parking violations, thefts over X dollars and trespassing. There are nonoffence incident reports as well: ambulance calls, assist attendance, defective equipment, juveniles, domestic conflict, found property, insecure premises and neighbour disputes.

Mr. Ferraro: The security system sends that to the project manager?

Mr. Pitura: Yes.

Mr. Ferraro: Do you get a report from the police?

Mr. Cornell: The police are not often brought into it.

Mr. Ferraro: They are not? Why the hell would I want to want to put in a report saying in essence that the security system is rotten if I am being paid to do the security?

Mr. Cornell: Do you mean why would company B file this report?

Mr. Ferraro: I can understand why they would file some. If you were paying my salary to keep these people secure, why the hell would I want to turn in all--I am playing devil's advocate--the complaints?

Mr. Cornell: Part of it is the sense of responsibility they have, plus they know it is a very sensitive--

Mr. Ferraro: I am sorry. What was that?

Mr. Cornell: Their own sense of responsibility in the case.

11:50 a.m.

Mr. Ferraro: Is it not the responsibility of the ministry to make sure we have accurate information? I am not convinced that I am going to kick myself in the rear end, irrespective of how sensitive I might like to think I am going to be. I am not sure whether you would agree with that, but I am concerned that we have accurate figures.

Mr. Cornell: Are we sure these figures are accurate?

Mr. Ferraro: I am sure those figures are accurate. I am concerned about the ones that are not reported. If, all of a sudden, I am reporting to you that there were 14 fights in one area and that three sinks got broken and whatever, you are going to say, "What the hell is Ferraro doing?"

Mr. Cornell: I dare say that in the course of a tour of duty an officer might not actually report everything, especially if he had been able to defuse it.

Mr. Ferraro: What checks do you have?

Mr. Pitura: There are built-in checks, as with anything else. The tenant would complain. For example, if he phoned and tried to get one of the security people to come to answer a call and he did not, that would be a complaint.

Mr. Polsinelli: But that would not apply, because this is just statistical information you are receiving every month. It does not name the tenant who has complained.

Mr. Beesley: We have more detailed ones that the officer is responsible for completing during his shift, and they must be on the property manager's desk first thing in the morning. They provide irrefutable information about what took place during the night.

Mr. Ferraro: Just on the ones they report.

Mr. Beesley: They are required to report it as part of their employment; they must report it. Otherwise, taking an example, suppose someone took a fire extinguisher out of one of the cabinets on a corridor and sprayed it up and down the corridor. When the officer discovered that on his rounds, he would report it. He has to report it because it is now a risk situation; the project and/or its residents are at risk.

Mr. Ferraro: Let me ask another question along the same line. How many reported infractions did you have in 1984 and in 1985?

Mr. Beesley: We can look it up. I do not have the figures with me.

Mr. Ferraro: What was the percentage increase?

Mr. Pitura: On one project here--this is not fair, because we are taking one project and Lord knows whether that is--

Mr. Cornell: High or low.

Mr. Pitura: --related in general, and for one month, April 1985 and 1986. Let us go with the total figures. In April 1985 there were 36 incidents at this project; in 1986 there were 52. Does that give you a pattern?

Mr. Ferraro: I will not labour the point. As much as I fully comprehend what you are saying, Mr. Cornell, that there is a special relationship between a security system and the people, particularly the elderly--and I totally agree--and as much as I personally believe it should stay in private hands, I am not comfortable enough, on the basis of my understanding today, that the ministry is doing enough to make certain the number of instances is factual.

Mr. Cornell: I am sorry you feel that way.

Mr. Ferraro: That is my own feeling. Let me ask one final question. When you have a situation where you have a five-year contract for tender and you have the degree of fluctuation justifiable--and I apologize if it has been asked previously--for example, for the operating costs, if they say the cost of cars or whatever is going to be this and you disagree, is there an arbitration process? How do you resolve disagreements?

Mr. Beesley: We simply do not approve it. If there were a difference of opinion--

Mr. Ferraro: What if they say "We believe in that" and you say "We still do not approve it"? Do they either take it or leave it?

Mr. Beesley: It is not a question of taking or leaving it. They have to operate within the approved budget.

Mr. Ferraro: What if you do not approve it and they say, "these are justifiable"? What happens?

Mr. Beesley: It depends on the issue. If they are saying they need so much more for uniforms or walkie-talkies and we say we authorize only so much, then they have to operate within the amount they have.

Mr. Ferraro: So they take it, or what happens?

Mr. Beesley: They cannot overspend. That is the bottom line.

Mr. Ferraro: Do they have recourse if they do not agree with what you give them?

Mr. Beesley: No, they have no recourse.

Mr. Philip: May I ask a supplementary on that?

Mr. Chairman: Okay, but I want to move on. There are still people who have not been on yet.

Mr. Philip: Mr. Cornell, you stated that conditions of security changed. If I am the owner of a company that has a five-year contract and there are major requirements for a different level of security, how am I reimbursed for that?

Mr. Cornell: I am sorry. Perhaps I did not make myself clear when I made that statement earlier. It might be that there just might be a whole host, say, of auto thefts or some particular kind of infraction in one area of the city for which company B is responsible, and then for some inexplicable reason, whatever it might be--it might be simply the weather--the emphasis is on some other part of the city. That is the manoeuvrability they have. That is why it was very difficult to define a cost per project, because something on the Jane-Finch corridor might cost X dollars one month, if you figured it all out, whereas the next month it might be X minus Y or X plus Y; whereas some other part within the region, for whatever reasons--

Mr. Philip: What if the need for additional security occurs within a region in which I have a contract?

Mr. Cornell: I touch base with them, not on a day-to-day basis but I make sure I touch base usually quarterly, to make sure it is well understood that if they feel there is some particular problem coming up, whether they are feeling tensions about something or they have even a gut feeling about it, they are to get in touch.

Mr. Philip: You are basically admitting that because of this tendering process you cannot move the security people or react, if you want, from one region or one part of the city to the other.

Mr. Cornell: Oh yes, we can; they have the freedom to move to handle it all.

Mr. Philip: So if I got a contract for district A as company A, and a major problem arises in district A I can call on company B, which is doing a different area, to come in?

Mr. Cornell: On some big emergency, I do not know what is written down, but I know in my dealings with the president that could be handled.

Mr. Runciman: I have a lot of sympathy with the corporation's interest in retaining a firm that is doing an outstanding job, but we have to address the auditor's concerns.

I have a couple of questions about the tender exercise you went through, which is really to address some of those concerns and to ultimately justify going back to company B. In the tender, you mentioned that the authority

invited 41 companies and that 15 responded. Did you make any inquiries as to why so few responded to that initial invitation?

Mr. Beesley: I cannot answer specifically whether the Metro Toronto Housing Authority phoned up the other 26 companies to find out why they were not able to respond. The impression we got from those that did respond was that this was a very specialized type of security requirement. As Mr. Cornell mentioned, you are not just patrolling the vacant yards of some factory complex or the corridors of some commercial institution at night.

Mr. Runciman: The answer is you do not know. I do not want to get into a lengthy dissertation on all of the responsibilities. I simply asked if you had any indication from those other companies as to why they did not tender, and the answer is no.

You indicated that only two of the 15 that did submit met your requirements. How stringent were those requirements? Did the other 13 fall off by a wide margin? Was there anything there in terms of negotiation or discussion so that they could have fallen within your requirements? Of the other 13 that we are talking about here, were they significantly lower in costs than the two that you felt qualified?

Mr. Beesley: They were not significantly lower but they failed to understand the high level of requirement necessary to respond to this particular tender specification. We became aware in the discussions with them that they thought they would be able to approach it on the same basis as they had been bidding on other types of low-level security needs.

12 noon

Mr. Runciman: So you did not see it as a problem, when you extended invitations, that perhaps the explanations were not as complete or as thorough as they might have been. You did not see that as a problem.

Mr. Pitura: Mr. Chairman, if I could supplement the answer, that was one reason MTHA went to that extra effort to invite the people to a special meeting to try to ensure there was an understanding as to what type of security service was being tendered for, so that MTHA would not be accused of, sort of, "You have set up the standards; we were not aware of this and we did not understand the interpretation in the form of tender."

That was attempted in order to try to bring all the interested companies to an understanding of what MTHA was seeking.

Mr. Runciman: At the outset, when you mentioned you did not go for a bid on the total portfolio but only on Scarborough, and B was not invited, you must have had some feeling of what would be an acceptable differential in cost. Obviously, any firm bidding was not going to be able to meet B because of the fact that it has the total portfolio. You mentioned the efficiencies of scale and so on, so you must have had something in mind in terms of an acceptable differential.

Mr. Beesley: It was not an acceptance of a differential. We and the housing authority have had a lot of representations made to us over the years that these other companies that were coming forward could do the security requirement, either in part or in full. We saw this as a way to test it in a large part of the portfolio without putting the whole program at risk.

Mr. Runciman: But you knew, going into this exercise, that any successful bidder could not meet company B's costs because of the fact that it had the total portfolio. When you were looking at this and looking at company B's costs, you must have gone into it accepting the fact that there was going to be some increase in costs. That seems realistic to me.

Mr. Beesley: Not so. The companies were strong in their representations that they could do it and do it much cheaper.

Mr. Runciman: Then why the devil did you exclude company B if you had that understanding? That goes against the grain of what was said earlier, that company B, because of the fact that it had the total portfolio, would be so much more competitive that it could have significantly underbid the other companies. Mr. Cornell said that.

Mr. Beesley: First of all, company B could not tender in the sense that the company's budget and its expenditures are all totally controlled by the Ontario Housing Corp. They cannot cut the level of service that they are already providing. They have to have X number of officers on the projects every night in their various shifts. They could not really reduce their costs, because all we are doing is paying what their costs are. We wanted the private companies, who had been clamouring for this opportunity to bid, to be given that opportunity and we saw this approach as a reasonable one without jeopardizing our total portfolio.

Mr. Runciman: Mr. Chairman, I have a lot of problems with this, as I think the members of the committee have, in terms of this exercise being used as justification for the decisions that were made. In an attempt to address the concerns of the auditor, it would be beneficial to the committee if the auditor reviewed the tender process that was undertaken and came back to us with some indication of its appropriateness.

I have a couple of other questions in another area. When company B was formed in 1970 to provide security services exclusively for OHC, obviously someone at the corporation approached individuals or a firm. I would like to have a little more detail on who was approached to provide this security service and why these specific individuals were approached.

Mr. Cornell: Doug, I guess you would like to answer that.

Mr. Runciman:: I guess you cannot get into names, but--

Mr. Beesley:: Beginning with events that took place in 1968 or 1969, I might just give a little background before specifically responding to the names or the individual who was approached and why. I think the corporation realized that its very large construction program was moving along and had produced a fair number of projects that it was then leasing up.

Mr. Runciman:: Mr. Beesley, may I interject? I appreciate your interest in giving a full explanation; you are a well-trained bureaucrat. I would appreciate it if you could specifically answer my questions. If I have some problems with them, then perhaps we can have further explanations. I am just wondering how you arrived at the individuals or firms that you were going to approach to try to provide this kind of service and why those specific individuals were approached.

Mr. Beesley:: Management at that time approached an individual, a Mr. J. E. Thurston, who had been a deputy police chief for the Metropolitan

Toronto Police. He had retired and had been working as a consultant. He had worked on implementing the Port of Toronto Police Force and had completed that assignment. He had discussions with the management of the corporation at the time over what he saw as a kind of service to meet the needs of the corporation that were not being met by the companies that had been providing service to the corporation on a hourly contract basis.

He developed his concept of this protective service, preventive service as opposed to the type of service that he had been used to in the Metropolitan Toronto Police; that is, after the fact of vandalism or after the assault had taken place, and you are really doing an investigation as to why this happened. He wanted to provide a service where the officers would patrol the project, would come to know the residents, come to anticipate situations and basically to prevent their happening.

He developed that concept into a proposal to the corporation during 1969 and early 1970. The corporation's board of directors evaluated that proposal along with, as mentioned earlier, the idea of the corporation having its own security services. A decision was made that it should be at arm's length, but it should be an exclusive service. In other words, the service should be exclusively for OHC projects and should be basically a contract arrangement with the corporation rather than have the personnel on the staff of the corporation. That is how the concept was developed in late 1969 and early 1970.

Mr. Runciman:: So Thurston, as a consultant in security matters, made a recommendation to the corporation. The corporation accepted it and then the firm, company B, was formed?

Mr. Beesley:: That is right.

Mr. Runciman:: How were the principals drawn together in terms of company B? Did Thurston continue to be an active participant in this company?

Mr. Beesley:: Yes, he was the company. He was the principal shareholder and its president.

Mr. Runciman:: So he recommended the formation of a company and then formed the company?

Mr. Beesley:: Yes.

Mr. Runciman:: You do not see anything wrong with that? You do not have any problems with that?

Mr. Beesley:: It was his concept and he had developed the proposal for the corporation.

Mr. Runciman:: It seems more than passing strange to me that he would make that recommendation and then move into the other seat. It is obviously--

Mr. Philip:: It is a little like recommending that you sell UTDC and then having the first offer in or something like that.

Mr. Chairman: There are some time difficulties here.

Mr. Runciman:: In any event, Mr. Thurston remains the principal owner of company B?

11 a.m.

Mr. Beesley: He has sold it since.

Mr. Runciman: He has sold it. Thanks, Mr. Chairman.

Mr. Polsinelli: Gentlemen, I hope you will bear with me. I would like to turn back to that whole process of tendering again. I think I understand it. That is a small miracle in itself. Let me review some of the things I think I understand first. Explain what the process is in determining company B's operating budget every year. Do you generally look at the number of cars it has, the number of employees it has, the whole infrastructure, projected increases, cost of living, that kind of thing? Is that the process you use every year?

Mr. Beesley: Yes, it is.

Mr. Polsinelli: You take last year's budget and you say you still need 50 cars. The cost of gas has gone up, so you increase the allowance for gas a little bit. The drivers want a four per cent wage increase, so you give them a four per cent wage increase. That is generally the process you take.

Mr. Beesley: Yes, indeed, and they go through each component of the budget individually and examine it.

Mr. Polsinelli: Which is, I think, a fair process. If we eliminate from the total number of units they have to take care of, 4,000 or 5,000, you would still do exactly the same thing; you would still go to last year's budget.

Mr. Beesley: No. We would go to the actual number of projects that they would be responsible for and the needs of that number of projects would be determined. They have currently on complement 136 employees. If they had been replaced in the Scarborough project, they would have had a reduction in the number of employees that they would have had--

Mr. Polsinelli: Once the Scarborough project was tendered out, you took company B's new budget, which took into consideration a reduction in employees, a reduction in the cars, a reduction in a whole host of factors, and came out with a new operating budget.

Mr. Beesley: We would have done that; that is correct.

Mr. Polsinelli: You would have gone through that exercise to determine whether the tender that you had received was higher or lower. When you went through that exercise, how much was company B's budget reduced by from the previous year's operating budget?

Mr. Beesley: I do not have that particular figure with me. If you wish, I can report that to the committee.

Mr. Polsinelli: Yes. I think that is very interesting because it seems to me what you have done is you have tendered out a particular section of the city. You have tendered out the Scarborough projects. You have then calculated company B's new operating budget for the whole city, totalled the two figures and then subtracted what you would have paid just company B if it had done the whole thing. You are comparing apples and oranges; you are not really getting an effective cost analysis of that tender.

Mr. Beesley: Okay. I would like to try, if I may, with the committee's indulgence, to go through some arithmetic. Maybe that will help. To go back to my first snap-shot approach, as I mentioned earlier, in 1985-86 Community Guardian would have been paid \$4.7 million. This company--we will call it company C--would have been paid \$300,000 and company A would have been paid \$427,000. If you add them all up, if my arithmetic is not wrong, it is \$5.8 million. Taking the approach that we did in terms of following the Scarborough security needs and remembering that both company A and company B were providing security in Scarborough, company B's costs dropped to \$4.4 million in 1985-86--

Mr. Polsinelli: This is after you have taken into consideration the elimination of the Scarborough project?

Mr. Beesley: Right. Company C is the one that would have been awarded the particular work. Its figure is \$2.1 million; and, of course, company A would not have been successful in that tender.

Mr. Polsinelli: Then what you are telling me is that once you have eliminated the Scarborough project from company B, its new operating budget would have dropped by \$300,000--

Mr. Beesley: That is right.

Mr. Polsinelli: --and it would have taken company C \$2.1 million to replace that service. I mean it just does not seem right.

Mr. Beesley: Yes, but do not forget there was the company A work that was not involved.

Mr. Polsinelli: You can even take \$500,000. Take the drop in the operating budget for company B of \$300,000 and add to that \$420,000 for company A and you are still looking at \$720,000. In fact, what you are saying is that company B could provide the same service that company C was prepared to provide for \$700,000, one third of what company C tendered.

Mr. Epp: Can I just ask a very short supplementary? Why are you so reluctant to name the companies. You are talking about company A, B and C.

Mr. Cornell: Those are the rules of the game. I got chastised very strongly once for mentioning a company here.

Mr. Epp: The reason I asked was that obviously the tenants know which companies they are. It is public information.

Mr. Cornell: I thought those were the rules of the game.

Mr. Epp: I do not care really; I am just wondering.

Mr. Cornell: Mr. Reid was the chairman at the time and I was severely criticized for mentioning names.

Mr. Polsinelli: Mr. Beesley, I hope you can provide us with some more information because the impression I am getting is that the Metro Toronto Housing Authority went through an exercise, similar to an exercise a home owner would go through if he wanted to find out what the value of his house was. He puts it on the market at an exaggerated figure just to get offers to see what the true value of his house is, never having any intention of selling

it. It seems to me what the authority did in this particular situation was tender out a contract just to validate the retention of company B. It seems to me that you never had any intention at all to accept any of the offers you received, and that bothers me.

Mr. Philip: It might well be something the Ombudsman would want to look at if the losing company decided to lay a complaint.

Mr. Polsinelli: That is perhaps a little bit of a personal interjection; it may be uncalled for. Let us continue in another line of questioning.

Company B, you tell us, has specialized training and qualifications beyond those normally provided by conventional security service firms. What specifically do they have?

Mr. Beesley: I can table a training manual they have for all of their employees. They basically are trained in every type of social science and/or community-relation type of activity that might be involved, including sensitivity to race relations issues. It is a fairly extensive training program. They are certainly more aware of and have more knowledge in the areas of law, trespass and fire code requirements. We have them very well trained in that area so they can identify any infractions of our requirements for building or fire code requirements as they go through the project.

Mr. Polsinelli: In my riding, I have a substantial number of Ontario Housing Corp. projects and I have received mixed comments about the effectiveness of company B. Some are very good and some very bad, but that is not the point here.

You have, it seems, quite an array of statistical information regarding incidents that happen on the projects every month here. Under questioning from my colleague Rick Ferraro, you indicated that the company is supposed to submit monthly incident reports. Have you analysed these figures over a period of, say, five years to determine whether company B is effective in reducing the number of incidents over a period of five years? What is the trend in particular buildings? Is it going up? Is it going down? Is it stable?

Mr. Beesley: I do not have a five-year analysis. Certainly, I can give you any details on any building in terms of the last two and I can go back to subsequent reports for a buildup of five years.

Mr. Polsinelli: I do not think two gives us a picture as to what is happening in the units. If company B has been operating now since 1970, we are looking at an operation of 16 years. It would be very beneficial to myself and perhaps other members of this committee to determine the number of incidents in the city as a whole and tie it down to specific areas and units that have been serviced by company B over the past half a dozen years as to whether they have increased, decreased or remained stable. That is one gauge we can use to determine whether they are being effective.

Mr. Cornell: Without even looking at any statistics, although we could dig them up, I dare say they have gone up. In society as a whole, they have gone up. I know that crime has gone up in the city.

Mr. Polsinelli: If we are looking at a particular building that has 200 units, we are still looking at 200 units, no matter how long a period of time we look at it. It is not that there has been an increase in population on

which we can blame an increased incidence of crime because we are looking at specific projects. If a project has 200 units, it has always had 200 units.

12:20 p.m.

Mr. Cornell: I am just guessing, but I would think that compared to 16 years ago it would have increased.

Mr. Polsinelli: You are speculating that we are becoming a more violent society. I do not agree with that. I would like to see specific statistics, though, with respect to specific buildings that have been serviced by company B over a period of at least half a dozen years to see whether the incidences have increased or decreased.

Mr. Cornell: We will be happy to do it.

Mr. Polsinelli: I have one other question. How do you determine whether a particular building requires the services of company B or company A?

Mr. Beesley: From the very statistics you referred to in terms of what is happening on that project from day to day. When you see a trend developing, a decision is made to substitute company B for company A. That kind of flexibility has been going on in the MTHA portfolio for some time. You move in the company when the trends seem to be indicative of that need, and you move it out when they stabilize and the service provided by company A is adequate.

Mr. Polsinelli: Can you provide us with some statistics indicating which projects are receiving the services of company A, which are receiving the services of company B and which are not receiving any security services at all? Is that possible?

Mr. Beesley: We can provide the committee with that.

Mr. Polsinelli: I would appreciate that information also. Those are my questions, Mr. Chairman.

Mr. Chairman: Could I ask a couple of questions at this point? I will be brief.

Mr. Philip: Maybe we could make a decision before we lose all the members; they are starting to drift off. It is still confusing to me, and I am still not satisfied with the answers.

I propose that we use the House of Commons system, which is often followed and which we have used in this committee at other times; that is, we schedule a meeting with the Provincial Auditor and give him time to review the record, and we then may well decide we wish to call these witnesses back. I am not satisfied with the answers we have received. I would like to meet with the auditor and his staff in private to review it and possibly have some more questions in a second round of this. We should decide whether we have a second round after we have met with the Provincial Auditor.

Mr. Chairman: Okay. We can consider that. I do not have any difficulty with that, quite frankly. We had a suggestion that the auditor may want to take a little closer look--

Mr. Philip: Maybe it can be called at the pleasure of the chair then.

Mr. Chairman: Will you leave it with me to discuss with the auditor? I think the auditor concurred with the suggestion--

Mr. Philip: I think we have concurrence from all three parties or from everybody that is here anyway.

Mr. Chairman: The auditor concurred with the suggestion, which I think came from Mr. Runciman, that he take another look as well. Perhaps you could leave that with the chair.

Mr. Cornell: A lot of questions were asked about information and so on, which we will dig up as well. Despite the fact that witnesses coming before a public accounts committee is always a bit of a problem, I personally and, I think, my staff would welcome this. It would be good to have a very thorough airing of this so there is some solidarity in the final resolution. We are dealing here not just with dollars and cents; we are dealing with a very intricate and delicate system of society, and it would be good if these two things, if it is possible, could be rationalized.

Mr. Polsinelli: I have no problem with that, and I understand that very well. I am just not convinced there is only one company that could provide those services.

Mr. Chairman: We will get into that. Before we do, can I ask a couple of questions? From what you have heard, I guess you have gathered that it is difficult for us to grasp or understand everything that has happened and put it in perspective. In retrospect, do you think any valid purpose was served in taking one part, the Scarborough part, and putting that out to tender?

Mr. Polsinelli: That is an unfair question.

Mr. Pitura: What do they say about hindsight? If we had realized what this would lead into and the appearance that maybe we were not giving a fair assessment, having listened to the questions and having gone through this process--the OHC board itself time and time has gone through this and questioned these figures in the past, and rightfully so--I would have liked to have had a comparison of security coverage for the whole of Metro to provide a proper comparison and to ensure there was no feeling that there was some unfairness. That is the feeling I get. I can appreciate it.

Mr. Chairman: What you have said in your answers is that there were cost benefits accruing to a company because of the economies of scale. There was your own criterion of the flexibility, as Mr. Philip said, of being able to move from one area and one project to another. Presumably, that is why your estimate of company B's services went down by only \$300,000 when you took away Scarborough.

Given all that, my question is, would it not have provided you with a fairer comparison had you tendered everything as opposed to just Scarborough?

Mr. Cornell: The only thing I can comment on is that if we did that, company B would immediately start to gear down because there would be no assurance that it would be covering some of it, and the government and society would be in a very vulnerable position. We will have to figure out a different way of doing it, I agree. We will have to find a different way.

Mr. Chairman: Accepting all that, what you are saying is that this is a service that should not be tendered.

Mr. Cornell: Parts of it should not be tendered.

Mr. Chairman: For all the reasons you are giving me--

Mr. Cornell: It should be tendered provided there was another company, but we have yet to find another company. It should not be tendered.

Mr. Chairman: But if you go out to tender, company B will start to wind down, will worry about getting the next contract and will not carry on the training; so you are saying it should not be tendered.

Mr. Cornell: It is a catch 22.

Mr. Pitura: As those headlines in the paper indicate, and that does not tell you the whole story of all the calls and things that came through, I do not know what we could anticipate--

Mr. Chairman: But those calls came through because they thought they were going to get less of a service. If you put out a tender saying you have to provide the same service, surely you would have codified all the things that have to be provided. The only fear I think they should have had was: "I am not going to see Harry here any more. It is going to be Joe doing the same thing and I will have to get to know Joe, and I understand Harry."

Mr. Cornell: That is the difficult part.

Mr. Chairman: Surely that would be the only difference if you had all the criteria laid out for what they have to provide. Have you not recognized that you are making two recommendations, neither of which is to go out to tender? One is to ask Management Board of Cabinet to allow you never to have to go to tender again, and the second is to bring them into the civil service.

Mr. Cornell: When we are accountable, we want to do it properly. But if I have to accept the accountability of dollars and cents while running a risk of something drastic happening in society, I will--

Mr. Philip: On that very point, have you done a cost comparison between running it yourself or making them public servants and setting up one crown security corporation or whatever you want to call it?

Mr. Pitura: This is what we are undertaking now, and that would be the basis of the submission--one of the bits and pieces of information--that would go to Management Board, the evaluation of the cost of an OHC-MHA security force, you might say, as compared to company B or to option C or D.

Mr. Cornell: The downside of that is that, as a large authority, you have your own police force; that is the way it is perceived. Your own police force has a lot of problems with it in terms of the tenant relationship and the way people integrate and the way you try to do things. They bring up New York with the jail cells right in the buildings.

12:30 p.m.

Mr. Philip: You do not have to go that route. Metropolitan Toronto Housing Co. Ltd. is run very efficiently from everything I can see. It has its own security system.

Mr. Cornell: They have a very different socioeconomic group.

Mr. Pitura: They primarily house 95 to 100 per cent senior citizens.

Mr. Philip: But there are a number of family buildings; there is a new one in my riding. The worst problem the security officer seems to have is--

Mr. Cornell: Come out with me some night and we will take you to some of ours.

Mr. Philip: I am saying, though, that you can run an efficient security service yourself--

Mr. Cornell: You can if there are no problems.

Mr. Philip: If you look at the design of some of their buildings, maybe that has something to do with why they do not have the problems. If you provide adequate recreation facilities for kids, they have got better things to do with their time than to rumble.

Mr. Pitura: The other thing is that in some of those Metropolitan Toronto Housing Co. Ltd. senior citizen projects under the nonprofit component, 50 per cent of the tenants pay market rents. You have a different social mix, not only in income but also in age.

Mr. Chairman: Thank you very much for appearing today. You have pointed out some of the complexities and difficulties you have been faced with. We appreciate that it is not an easy problem. We will accept the suggestion and have a meeting with the Provincial Auditor. It may very well be that your problem cannot be resolved in the ordinary way. I think that is what you are telling us. We thank all three of you gentlemen very much for coming today and answering some difficult questions.

I am not sure we are going to have time to go through the agenda. We will do that next week.

The committee adjourned at 12:31 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

WORKERS' COMPENSATION BOARD
ANNUAL REPORT, PROVINCIAL AUDITOR, 1984-85:
ONTARIO PROVINCIAL POLICE

THURSDAY, MAY 15, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Harris, M. D. (Nipissing PC)

VICE-CHAIRMAN: Runciman, R. W. (Leeds PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gillies, P. A. (Brantford PC)

Gordon, J. K. (Sudbury PC)

Philip, E. T. (Etonicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Ministry of the Solicitor General:

Takach, J. D., Deputy Solicitor General

From the Ontario Provincial Police:

Ferguson, R. A., Commissioner

From the Office of the Provincial Auditor:

Archer, D. F., Provincial Auditor

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, May 15, 1986

The committee met at 10:08 a.m. in committee room 151.

WORKERS' COMPENSATION BOARD

Mr. Chairman: I call the meeting to order.

Mr. Philip moves that whereas under section 84 of the Workers' Compensation Act, the Provincial Auditor has the authority to audit the accounts of the Workers' Compensation Board, including those accounts that are granted to safety associations, the chairman of each of the safety associations receiving funds from the Workers' Compensation Board and the chairman of the Workers' Compensation Board be called before the committee to answer questions concerning their expenditures.

Mr. Philip: According to the rules set down by this committee, I will make an opening remark on my motion and the motion will be debated and voted on next Thursday morning at 10 o'clock.

Mr. Chairman: Do you have a two-minute opening remark?

Mr. Philip: In 1975, the nine safety associations were provided with \$9.97 million. By 1985, these expenditures had skyrocketed to \$31.4 million. At the same time, we have not seen any noticeable decrease in injuries in the work place; on the contrary, work place injuries have increased by 24 per cent in the last two years, from 345,000 injuries in 1983 to 437,000 injuries or work-related illnesses in 1985.

We must ask as a committee whether there is value for money. My colleague the member for Sudbury East (Mr. Martel), who is chairman of the NDP task force on safety, will be joining me and also the member for Algoma (Mr. Wildman). Among the questions we wish to ask are the following:

It is our understanding that last year close to \$1 million was spent by the Industrial Accident Prevention Association on travel, \$45,000 on legal fees and \$12,000 on memberships. It seems reasonable to ask whether these kinds of expenditures are justified for an organization of only 200 employees.

It is our understanding that eight executive members of the Industrial Accident Prevention Association have extensive expense accounts. We would like to examine those expense accounts and have a complete accounting of them.

In 1984, the IAPA moved its headquarters in Toronto from 2 Bloor Street East to 2 Bloor Street West. It is our understanding that there was the possibility at that time of relocating up the street, in the same neighbourhood and in larger headquarters, at about half the cost. We will file documents with the auditor in this regard.

We want to know why they chose the more expensive and smaller location. Considering that IAPA's new headquarters has five boardrooms, we will want to examine how much money was spent by IAPA to rent conference rooms at the Park Plaza and Royal York hotels and whether the rental of this conference space was justified.

IAPA has spent money on such items as expensive oil portraits of past and present general managers. I am a great promoter of the arts, but one wonders whether this is the best way to promote the arts or in any way to promote safety.

We will ask the committee and the Provincial Auditor to explore whether the nine separate associations are necessary or whether economies might be made by any combination of all or several of the associations.

I found it interesting that in the responses by the small business associations to the budget a number of their complaints dealt with the rising workers' compensation premiums. It is fairly clear to me that it is in the interests not just of the workers, but also of small business, to deal with whether there is value for money in the way in which these associations are spending money and whether there are better ways of cutting down on accidents in the work place and cutting down on the cost of accident prevention programs.

I hope to elaborate more fully next week during the debate on this motion.

Mr. Chairman: Thank you, Mr. Philip. According to our rules of operation, it is a notice of motion, and that will be a second one for debate at next week's meeting.

ANNUAL REPORT
PROVINCIAL AUDITOR, 1984-85

ONTARIO PROVINCIAL POLICE

Mr. Chairman: We are looking at section 3.17 of the 1984-85 report of the Provincial Auditor. We have before us today John Takach, Deputy Solicitor General, and Archie Ferguson, commissioner of the Ontario Provincial Police.

Mr. Takach, I will turn it over to you for any comments that you have.

Mr. Takach: Good morning, everyone. As the chairman has pointed out, I am accompanied by Commissioner Ferguson, who is pleased to join with me today to respond to the queries of the Provincial Auditor with respect to section 3.17.

I had hoped Scott Campbell, our executive director in the administration division, could have been with us, but unfortunately he is ill this morning. I am confident the commissioner, myself and some support staff we have here should be able to answer your queries.

As Deputy Solicitor General responsible for the operation of the ministry, I am pleased to be able to respond to the auditor's findings with respect to section 3.17. I hope you will find our comments appropriate and informative. If there are things we cannot answer today, I assure you we will do so with all due dispatch.

Since becoming aware of the auditor's findings, I am pleased to say the commissioner and other managers within the ministry have taken the appropriate action to resolve the problems raised by the auditor's report.

I might say that I found--and I know my staff did--the informal and formal meetings conducted with the auditor's staff to be of considerable assistance in ensuring we run a better and more efficient operation.

The observations deal with the Ontario Provincial Police because that was the only element of our ministry subject to the Provincial Auditor's scrutiny during 1985. Within the Ontario Provincial Police, two divisions were audited. I would like to deal with the field operations division first.

As you are aware, the auditor identified the fact that our resources were generally deployed in the most effective and efficient manner. However, as you note, the auditor did particularize some shortcomings, and I would like to address those.

It is not inappropriate to point out that the division in question consists of 184 detachments spread throughout the province, staffed by 3,965 police officers and 719 civilians. Their prime responsibility is the delivery of a quality policing service to the citizens of Ontario.

The auditor's identified areas of inadequacy related to three aspects. First, it was observed that potential savings could be realized through the wider use of civilian staff. Second, a concern was expressed that summertime vacation leave of absence by police officers be reviewed. Finally, it was observed that the amalgamation of some detachments, as identified in 1981, to redeploy personnel to patrol car complement had not completely taken place.

Dealing with the first issue, the civilianization of certain aspects of the OPP, the commissioner and his staff ensured that a review was carried out to try to identify areas for further civilianization or at least to try and pinpoint areas that were candidates for further civilianization.

As a result, two specific areas were singled out, the other areas being deemed not really appropriate for civilianization. Those most readily susceptible to such a move were deemed to be the telecommunications end of things and the police court officer duties or responsibilities.

To deal at the outset with the telecommunications system, once the new system is implemented, all the telecommunications positions, except those of shift supervisor of the communications centre and the telecommunications manager, will be performed by civilians. As our new telecommunications project becomes complete and is implemented, we will see a significant change in this regard, although it is fair to observe that some responsibilities in certain areas are performed by civilians now.

10:20 a.m.

Our study of the court officer situation was a difficult one. The situation involves this and other ministries, in particular the Ministry of the Attorney General. By virtue of the wishes of that ministry and the judiciary associated with that ministry, it was our view that the continued presence of uniformed and armed police officers in our courts to act as court officers is necessary. The commissioner has determined--and I certainly agree with this from my past experience in that ministry and my experience in the criminal courts--that if the court officer position is civilianized, additional police officers will have to be assigned to the court to continue to provide security.

Very often at the end or the middle of a court day, the only police security individual in the courtroom is the court officer, and he performs a dual role. I can also indicate from my previous experience as crown counsel that the court officer is indispensable in dealing with other officers of the

force and in organizing the witnesses and the cases for that day. I often found I needed someone in authority to deal with a host of other police officers who were anxious to get in, get out, get their cases on and get back on the road. It was of great assistance to me to have someone who was well familiar with the police operation and who could exert some authority over individual police officers.

For those reasons, we thought it was not appropriate to make changes in that regard. I can add that the judiciary and the prosecutors feel very strongly about having a uniformed police presence in the courtroom. I can also say that any removal of that individual would involve the training of some other type of person affiliated with the Ontario Provincial Police. He would have to be a paralegal person, someone who has some knowledge of court proceedings and is trained that way. That in itself would amount to a cost that might not result in any reduction in the dollars spent on the position. In our opinion, police personnel should continue to serve as court officers where appropriate.

At the commissioner's request and certainly with my concurrence, the OPP is reviewing at present the possible civilianization of other positions located at the Toronto general headquarters. The study is examining entry-level management positions currently held by police personnel. I can assure the committee we will do everything possible to ensure that where cost-efficient changes can be made, they will be made.

I would like to turn to the summer vacation issue. This is not an issue that is free from difficulty because, as you are well aware, police officers, like everyone else, like to take their holidays in the summertime, especially if they have young families in schools. That is not an unreasonable feeling, I suggest; nevertheless, it is one that has to be meshed and made consistent with government policy to ensure the policing is out there when we most need it.

A re-evaluation of force policy and procedures has resulted in certain changes and effective actions. First of all, field constable work schedules have been revised to improve the availability of personnel on summer weekends. Second, the commissioner has arranged for written direction to be provided to the district commanders, reminding them that vacation leave of absence must be carefully scheduled and that all police officers should be encouraged to take their vacations throughout the year. In that regard, a memorandum went out from the deputy commissioner for field.

Third, the use of banked overtime during the summer months was the subject of negotiations during the recent 1986 Ontario Provincial Police contract, which is yet to be officially ratified. We had also determined that current vacation policy, which permits only one sixth of the members of any one detachment to be absent on vacation at any one time, will also remain in effect.

When you put it that way, I suppose the bottom line is that we are concerned about it, and we will continue to monitor it to ensure that our current policy is adhered to and at least a minimum of one sixth of the members of any detachment is away.

There was an attempt to try to change this during the 1986 contract and have the OPP take money--put in its simplest terms--instead of the banked overtime, which could be used in the summer. That was our initial proposal, and it met with strong opposition from the Ontario Provincial Police

Association, which does the bargaining. The negotiators of the OPPA, of which I am not a member, have sawed it off at some intermediate position that gives the detachment commander substantial--increased or enhanced--authority in saying when they can take their holidays.

Finally, on the amalgamation issue, some of the detachments identified in the 1981 document have not been amalgamated or disbanded. That relates to three such detachments. Six of the nine detachments pinpointed in 1981 have been closed and the personnel redistributed.

I would like to say something about the three outstanding detachments, those at Lion's Head, Parkhill and Port Burwell. It is our view at the present time that Lion's Head and Parkhill should remain open. Lion's Head is still under review. There is currently an outstanding issue as to whether a national park will be created in the area. Once a determination is made by the federal government in that regard, we will be in a better position to address the Lion's Head detachment.

It is our current instinct that there is justification to have that detachment remain open, but a final decision will be made after the indications are made with respect to the national park.

We have reviewed the Parkhill and Port Burwell detachments, and decided that Parkhill should remain open. There is sufficient reason for keeping that detachment open. Port Burwell is under review at present, and we will have a position on that this fall.

It will be obvious to all present that any time there is talk of closing a detachment, the local citizenry becomes very concerned. If any of you are in the prospective areas, I am sure you have heard from your constituents about such prospects. My files, as are the commissioner's, are full of letters from people saying, "Please do not take our detachment away."

Mr. Epp: Including MPPs.

10:30 a.m.

Mr. Takach: Even some MPPs have been known to write.

It is important to remember that there are issues beyond cost and cost efficiency that must be taken into account. The wellbeing of the population--not just the actual wellbeing, but the perceived wellbeing; as they see it--is an important consideration. They have some right to be comforted by a police presence not too far away from their residences.

In any event, we try to balance all of those factors to come up with a reasonable position. As you are aware, we have followed the recommendations with respect to six of the nine detachments. At present, two of the remaining three detachments are under review, although our inclination with respect to one of them, at least, is that it should stay.

I would like to turn to the second division in the Ontario Provincial Police that was reviewed by the Provincial Auditor. That was the supply division. The auditor has--

Mr. Wildman: Do you have your long underwear?

Mr. Takach: No, but I have got my britches on.

The auditor stated that the controls were generally adequate to ensure due regard for economy. However, as you are all well aware and as the media pointed out at the time the auditor's report came out, in certain areas additional economies could be achieved. The branches within supply division that were examined were the transport branch and quartermasters' stores branch. As you are all aware, transport is responsible for not just automobiles, but the acquisition and maintenance of aircraft and all land and marine transportation units and the installation of the appropriate police equipment. The OPP operates over 2,400 mobile units that travel approximately 100 million kilometres a year.

The first issue had to do with OPP stored vehicles. The auditor observed that it appeared that certain new vehicles were stored beyond what appeared to be a reasonable length of time. The ministry, through the commissioner, has conducted a review of the delivery process. Additional steps have been taken to ensure that timely and essential vehicle replacements meet the transport requirements of the force. We have ensured that the vehicle control manager is ensuring that new vehicles are assigned on a first-in, first-out basis wherever possible. That method was not done or followed in the past.

In other words, a vehicle could come in during October. Notwithstanding the fact that it might be one of very few vehicles, it might sit around until May or April, whereas vehicles that came in during January or February might have come in and gone out prior to that. In part, at least, we feel that it may have been a question of optics by virtue of the fact that the vehicles that we purchased first simply were not issued first. While the bulk purchase of motor vehicles for government use is naturally a complex issue, because of the manufacturer's scheduling methods, nevertheless we are committed to reducing our storage and our turnaround time.

The auditor questioned whether or not the use of OPP vehicles beyond 130,000 kilometres outweighed the additional cost of repairs. Again, we have looked at that carefully. Basically, rather than turning them in at 130,000 kilometres, we have been keeping them until approximately 140,000 kilometres. It is our view that substantial savings are being realized through that extended period. Our calculations show that we would have to purchase an extra 50 vehicles a year if the extra 10,000 kilometres were not driven with respect to each vehicle.

Mr. Philip: Can you repeat that again? I am sorry.

Mr. Takach: If we turned our vehicles in at 130,000 kilometres as distinct from 140,000 kilometres, we would require an extra 50 vehicles in the force fleet a year.

Mr. Polsinelli: Is it at 140,000 kilometres when you turn them in?

Mr. Takach: We turn them in at 130,000 kilometres rather than 140,000 kilometres.

Mr. Epp: Why do you need the extra vehicles?

Mr. Takach: We have a particular operating standard now and a vehicle requirement.

To perform the same level of service and to have the same number of vehicles available to serve the public in the same way, to turn the vehicles in at 130 as distinct from 140--in other words, to get 10,000 kilometres less

out of each vehicle--our costs and calculations show we would need an extra 50 vehicles to make up for the 10,000 kilometres a year less we get with respect to the present fleet. That translates into an additional cost that year which would be repeated the next year because vehicles do not last, in most jurisdictions or in a heavily travelled jurisdiction, beyond nine months by virtue of the number of kilometres travelled. It is purely a cost-efficiency calculation.

One other factor I would like you to observe in this regard is this. The average of cost of maintaining, servicing and repairing a vehicle between 130,000 kilometres and 140,000 kilometres is \$270. Even though the auditor singled out some four or five examples of seemingly high costs, when spread or amortized over all the force vehicles, it really is a very small amount for that extra mileage.

It is our view that we save in the vicinity of \$500,000 or \$560,000 a year by driving the vehicles the extra 10,000 kilometres. One other factor I want to touch on here is this. There may be vehicles with 138,000 kilometres on them, for example. All of a sudden, they need a quick repair of \$1,000, or \$1,300 as the auditor flagged. It is difficult for us to know which incident or which case this was. We do not have that information.

However, the situation can arise on a Friday or Thursday night where the transmission goes on a vehicle. This may be a vehicle in Kapuskasing or Timmins, or it may be a vehicle in Ottawa. That vehicle is needed for work that weekend. We are in the position of being able to repair it within hours locally at whatever the cost is. The alternative--even assuming that we could get a new vehicle out there from Toronto--is getting out there quickly enough and having that car towed into Toronto for disposition and auction, rather than it being driven in if it is operable, and not being in a position to have the vehicle for that weekend.

The short point is this. Sometimes the towing and transportation costs, coupled with the need to have a vehicle immediately, have to be taken into consideration. On the surface, it may look like an awful lot to spend on a car that is only going to go another 1,800 miles or 3,000 kilometres, but sometimes we absolutely need that car.

Mr. Polsinelli: There is also the resale value. Obviously, if the car does not have a transmission, it will fetch a much lower price on resale.

Mr. Takach: There is no question about that. I am told they normally come to Toronto if a new car is needed in Timmins. An officer from Timmins drives the old one down, turns it in, picks up the new one and goes back. Is that the way it operates?

Mr. Ferguson: That is right. A disabled car has to be towed down and that is costly.

Mr. Takach: I would now like to turn to the overstocking of some supplies. It is clear, in our view, that there has been some overstocking. We are taking and have taken steps to try to remedy the situation. There is also the issue of weapons security and the quartermasters' stores generally.

Mr. Philip: (inaudible) overstocked for you. Sorry; I do not want an answer to the question.

Mr. Ferguson: I do not have one.

10:40 a.m.

Mr. Philip: That is the route I would take if I wanted to sell something. I would get Eddie--

Mr. Ferraro: Eddie is not unionized.

Mr. Philip: Neither are any of the car sales places.

Mr. Takach: As you are aware the branch procures stocks and distributes to some 4,400 members of the Ontario Provincial Police articles of uniform and related equipment, armament and unique items required by certain units. such as underwater search and rescue goods, and material and equipment to the tactics and rescue team. Supporting services, such as tailoring, equipment repair, testing and the secure storage of weapons are also provided by this area of responsibility.

The auditor discovered some overstocking of items of clothing. Needless to say, we have taken steps to reduce our inventory where possible by exchange, redistribution and dispersal to surplus stock which is sold to the public. In keeping with the government's philosophy that warehousing within the various ministries should be reduced, the quartermasters' stores branch has embarked on a scheduled delivery program for selected items of equipment. This will serve to reduce our current inventory levels. OPP parkas may have been one of these items so dealt with.

On the weapons' security issue, I want to assure you that we have ensured much-improved security measures are now in place. For obvious reasons, subject to your direction, I cannot provide precise details for the public record as to what has been done. It is sufficient to say that improvements in both the administrative end of things and operational procedures are now in effect. I would like to state for the record that it is obvious the OPP has never at any time had its weapons storage security breached, although it was clear improvements were needed. The auditor has appropriately pointed those out and we have taken some significant security measures that I am confident will answer the auditor's concerns.

The auditor has determined some shortcomings in the OPP insignia shop. The ministry and the OPP Commissioned Officers' Association have signed an agreement that settles the issue of items which were of concern to the auditor. Included in the contract are cost-recovery measures that deal with rent and salary for people who work in the shop. As you are aware, this is a sort of tuck shop that sells OPP T-shirts and hats to members of the force. The proceeds go to scholarship and bursary funds for children of OPP officers.

Mr. Wildman: Can the public purchase anything?

Mr. Takach: I do not believe so. Commissioner, I believe it is closed to the general public. Is that the case?

Mr. Ferguson: Yes, it is closed to the general public. It is strictly for our benefit.

Mr. Wildman: I am concerned you might have somebody walking around in an OPP coat or hat or something who stops somebody. They might get kind of confused.

Mr. Ferguson: We do have a lot of that, unfortunately or

fortunately. We do not mind them being proud of the OPP and saluting the flag. However, it is restricted to our members. It does get out into the public certainly. I think that has happened.

Mr. Wildman: I have seen some young kids with OPP insignia on their hats.

Mr. Ferguson: Yes, the hat badge and the shoulder badge are both protected under--what is the word?

Mr. Takach: Copyright.

Mr. Ferguson: Copyright, yes. However, there are all kinds of modifications of that around. There is no question about that.

Mr. Wildman: I do not know whether the Metropolitan Toronto Police Force is similarly protected but I was in Sudbury on the weekend walking by a T-shirt store and they had Metropolitan Toronto Police Force hats and other police hats. I do not know whether they are authentic or not. Some of them were foreign jurisdiction hats, State Police of Louisiana. I have not seen any "counterfeit" OPP hats.

Mr. Takach: Not with those two insignias but certainly there are a lot of hats with police force insignia. It is rather popular at this time.

Mr. Wildman: That is encouraging, anyway.

Mr. Takach: The final question raised by the auditor relates to both my administrative responsibilities and the Ontario Provincial Police. A question was raised that related to the development of an overall computer implementation strategy.

I am happy to say I feel that substantial progress has been made towards acquiring staff for my information technology services branch that is applicable to the ministry as a whole. The development of an overall ministry strategic plan for technology implementation is progressing well, although not as quickly, naturally, as we would like. But the actual technical strategy has received much time and attention and is relatively on schedule. This strategic plan, we hope, will receive ministry approval in the near future, once we have had a chance to complete it. We will be referring this plan to Management Board for approval as well in the not too distant future.

In closing, let me say that as a new deputy, having assumed my responsibilities last September, I have found the audit process honestly and truly beneficial to me in helping me get a better handle on how we might improve the ministry. On this audit, the OPP, it certainly enabled me to acquire a better working knowledge of our major programs within the OPP, and it has been, as I said, an enlightening experience.

As I am naturally accountable for the workings of the ministry and the successful delivery of its programs, I feel confident that we have taken some appropriate corrective action to resolve the comments that were raised by the Provincial Auditor. Nevertheless, I welcome your questions. I have here the commissioner, who obviously has a greater in-depth knowledge of the workings of the specific branches and programs. Both of us will be pleased to help you with any issues you see outstanding.

Mr. Chairman: Thank you very much, Mr. Takach. You indicated to me earlier that you had a meeting at 12 noon.

Mr. Takach: I have one at 12 noon, so if you can adjourn at 11:58 a.m., that will give me time to get upstairs.

Mr. Chairman: Everybody wants a whack at you here. Could we try to stick to the 10-minute rule and move it around? I will start with Mr. Epp.

Mr. Epp: I have a general question. You mentioned that you are new on the job. I wonder what kind of internal monitoring goes on or does not go on to get us to the point where the auditor does a report and finds so many weaknesses to point out to you. What kind of monitoring has gone on in the past, as a general rule, in order to avoid some of these problems?

I am not talking about where there is a judgement call on whether you should close a detachment or not; sometimes people have honest differences. I am talking about where you have inventories that are built up for five years, where you have vehicles come in that are not used for six months--things of that nature--or where you have major repairs to a vehicle and then it is scrapped shortly thereafter. What kind of internal monitoring do you have or do you not have. Have you made changes to avoid these kinds of problems or similar problems in the ministry?

Mr. Takach: I cannot speak in great depth about what existed before I got there. I know that some of the initiatives the ministry in general has taken are new.

For example, our internal audit procedures have changed somewhat. We now do not only what is called a compliance audit but also our management audit, which would cover such things as what has been picked up and hit by the Provincial Auditor. That is only a recent innovation, if I may put it that way, within the last year.

10:50 a.m.

I do not want to digress and get into other branches of the ministry, because we are not here to discuss those, but a similar internal audit with respect to another one of my divisions has picked up items that, in my view, cry out for improvement. They are things we will pick up by virtue of our internal audit.

That is a major change within the last year or so: to pick up these management audits as distinct from the merely accounting-type audit, which talks about whether the right numbers of dollars and cents are there, the accounts balance and all that sort of thing. That will be our main mechanism, and we will be going around the ministry internally, as the Provincial Auditor goes around the various ministries, selecting areas to audit. As I said, I have just received on my desk a management audit with respect to another division. It has caused me to take some corrective action and implement some changes.

That will be the main device. In addition to that, the commissioner is naturally expected to head his own internal reporting or auditing system. I know he does that within the Ontario Provincial Police.

One of the ways you naturally ensure that better management techniques are employed and that we do not get to a situation where we are even slightly

overstocked is with respect to personnel changes. I know the commissioner addressed that just recently and addressed it a few months ago as well, to ensure that the most efficient people, those with the right attitude, are in the right spots and that their expertise is brought to bear in any one area.

I know there have been changes, or contemplated changes, within the transport branch and certainly the quartermaster's stores. That is not to denigrate in any way the people who have occupied these positions in the past, but times change, and sometimes it is necessary to look afresh at how a particular branch or individual is operating.

I have one other technique. We have a senior management committee, as I think most ministries do, at which not just the commissioner but also the other division heads are expected to flag important ministry issues. One of them would naturally be the control of assets such as stock. It is not just to flag overstocking but also to flag understocking if that happens to be a problem. I would rely on the commissioner, as he would rely on his people, to bring to our attention the areas in need of some remedy or attention.

It is obviously a topic that has to be looked at strictly and closely all the time, not just when the auditor comes by so that we can respond to his findings. Our internal management audit will be going on at the OPP in other selected areas within the next year. This will probably be our biggest mechanism.

Mr. Epp: All things being equal, you are saying you are comfortable and confident with the measures you are now taking. If, given the authority you have, the auditor were to come in two years' time to do a complete audit such as he has done in the past year, he would probably not find any areas in which you could improve or of which he could be significantly critical?

Mr. Wildman: I think you are entering the realm of metaphysics.

Mr. Epp: I am just trying to cover the waterfront, that is all.

Mr. Polsinelli: It is more like surrealism.

Mr. Takach: I wish we could cover the waterfront with that degree of certainty. There is always room for improvement. As soon as we have achieved a certain standard, there will be another plateau to which we will be expected to aspire. And appropriately so; that is how we get better.

Mr. Epp: That is how you become assistant deputy minister.

Mr. Philip: The new Jerusalem is a few years away.

Mr. Epp: I did not know you had a one-way ticket.

Mr. Philip: I have been offering to let you come along with me, as long as it is not on your timetable.

Mr. Epp: Thank you.

Mr. Philip: We would never get there.

Mr. Pope: But you are still buddies.

Interjection: Do not be envious.

Mr. Philip: In this committee, I thought we all were.

Mr. Runciman: To touch on the vacation aspects, that really relates in some respects to manpower levels. I am curious about the manpower levels of the force. Are you satisfied? Has there been a decrease of the manpower levels in the force in the past eight years or 10 years?

Mr. Takach: On our manpower, we have to talk about two things: first, actual manpower, and second, authorized complement. Our authorized complement has generally gone up.

Mr. Runciman: You are talking about uniformed officers?

Mr. Takach: That is correct. For that matter, our authorized complement generally, even the civilian staff, has gone up. The commissioner can correct me if I am wrong, but I think that is basically the case. We have not been going down; we have been going up.

It is always nice to have more people. It is always nice to be able to fill all the complement positions we have. Sometimes that is simply not possible by virtue of the recruiting process, changes, restraints and that sort of thing.

However, the short answer to your question is yes, we have been going up. We are not are going down and we are not staying the same.

Mr. Ferraro: How does the Ontario Provincial Police rate per capita with other provinces?

Mr. Takach: I cannot tell you that. I do not know whether the commissioner can help us. I doubt it.

Mr. Ferguson: We are perhaps slightly better than Quebec, and Quebec is the only other province that has a provincial police force. The other provinces, as you are aware, use the Royal Canadian Mounted Police. I am not sure how they rate per capita.

Quebec has had some pullback and has done very little recruiting over the past number of years because of its economy. We did no recruiting for a number of years, the better part of 10 years, from about 1972 to 1982. Since that time we have been increasing very slightly. There has been some increase. Our present authorized uniformed strength is 4,416 members. Authorized civilian strength is 1,241.

Mr. Runciman: Are you happy with those numbers, especially the uniformed complement?

Mr. Ferguson: No. I attended an Ontario Provincial Police Association meeting yesterday, and the main complaint I had from the members was that they did not feel they had sufficient staff all the time to do the job. I do not think we will ever reach the stage where everybody is happy. Generally, I feel we are doing more than an acceptable job out there.

It is difficult to put people in areas where we are strictly weighing the number of occurrences they are taking. Because of the nature of police work, you have to have people there whether they are called upon or not. Society expects a policeman to be available when he is needed, so we have to have coverage. But generally, I think we are doing quite well.

Mr. Runciman: What about overtime hours? Are they exorbitant?

Mr. Ferguson: They have been in years past. We have cut back considerably. This year we are going to cut back more because of restraints, but our people do respond on overtime. We have been as high as about \$12 million in overtime per year. At present our budget sits around \$7 million or \$8 million for overtime. A lot of that overtime we cannot control. Because of things such as the tornado in Barrie last year, strikes, things you just cannot foresee, you have to have people in there. There has to be that backlog there for overtime. Certainly there are major cases where we have to use our people in overtime situations.

Mr. Runciman: I have heard some stories--I do not know how accurate they are--about certain detachments not being manned around the clock, with certain areas, in effect, not covered between 2 a.m. and 7 a.m.

Mr. Wildman: That is why there is the Zenith number.

11 a.m.

Mr. Runciman: Yes. I am relating this to the manpower situation. I guess that is not general public knowledge, and I am not going to get into the specific areas; I do not think that is appropriate. Do you have any concerns about that situation?

Mr. Ferguson: Yes, we all have concerns. It has always been a case with the OPP that where the occurrences do not warrant having someone on duty 24 hours a day, that man, or those members, may go off duty at two o'clock--two, one, three, whatever the time may be; sometimes it is as late as four o'clock in the morning, but they are available on callout so that the dispatcher who got a call would notify that person and he would respond immediately.

It is not as acceptable as I would like it. I would like to have people on the road all the time, but I do not know that it is feasible, because there are areas where they would receive no calls at all in the early morning hours.

Mr. Runciman: You have not had any horror stories arising out of this lack of coverage.

Mr. Ferguson: Not particularly. There are certainly areas of highway that I would like to see patrolled on a regular basis, and unless we are called out on an occurrence, those highways are not patrolled as well as I would like them to be. All we do is get a call and our officers will respond.

Mr. Takach: Our new telecommunications project will assist somewhat, quite apart from additional manpower, by virtue of the setup there will be. At each detachment there will be a phone that directly puts the person who goes to the detachment, if there is a complaint, in touch without having to go through operators and risk the chance of delay. The person will be put right in touch with the dispatch centre, and an officer from either that detachment or a neighbouring one will be able to cover off in a much better fashion than can currently be achieved.

Mr. Pope: We are not talking about what areas are being covered between 2 a.m. and 7 a.m. on highway patrol. We are talking about communities being covered where you actually have detachments located. Can you explain to me the rationale behind not having people in the detachment office itself or

in the building in communities where you have detachments located, particularly when you have such facilities as family resource centres and shelters for battered women and children located there? What is the rationale behind that?

Mr. Ferguson: We find in the wee hours of the morning--and we have done surveys on any of our detachments that we have closed during the wee hours of the morning--that the number of people actually coming to the door is very minimal. Most of our calls are received by telephone, and there is always someone there to answer that telephone, whether it be at the detachment or at the sponsoring detachment some distance away. If someone wants a police officer, we can assure him he will have a response. However, we have found that if we put an officer or someone in a detachment who waits for someone to come to the door, we are wasting manpower while he is sitting there waiting.

Mr. Pope: The people who operate family resource centres and homes for battered women in northern Ontario totally disagree with what you just said.

Mr. Wildman: The fact is that in northern Ontario, even when you are trying to cover by phone in the way that has been described, you are talking about very long distances.

I will talk about an area. If you do not have a full-time operation in Hornepayne, and it shuts down after 2 a.m., you go through a Zenith line that goes to Hearst, which is 75 miles away. They then call the officer on call in his home in Hornepayne, if he is available. He may have been out at a party that night--and there is no reason he should not have been--and I am sure he is sound asleep and you have to get him up. If you cannot get him, then you are driving a car from Hearst, and that is 75 miles or 85 miles away. It is going to take you a long time to make a call.

Mr. Pope: It has happened with your men from Hearst.

Mr. Ferguson: I do not disagree with you. We operate with the number of people we have and we try to cover the area as well as we can.

Mr. Wildman: I understand that. A few years ago, a report said there was a need for 600 more officers in this province. That was when the Honourable Roy McMurtry was Solicitor General. I understand after that 150 were recruited. Where are you in terms of that report, which said there was a need for 600 more officers?

Mr. Ferguson: We went back on a backup and safety. We were concerned that an officer not be out in some of those very distant areas by himself even if, after having come off duty and gone to bed, he was called out to a serious occurrence and had to respond on his own.

We have tried during the past three years to supply that officer with a backup and safety, so that someone else would be in the area or perhaps riding with him. In that situation, we asked for 360 additional officers. That was a sawoff from the 600. During the past three and a half years, we have acquired just under 300, so we are looking for, we hope next year, at least another 60 officers to complete that backup and safety profile.

That will give us bare minimum coverage in those areas, so officers are not answering serious complaints by themselves. How to get around those extended distances up there to reply to anything, I do not know, unless we have people on the road moving all the time. That would be ideal, but whether it is feasible is difficult to say.

Mr. Runciman: You have indicated your concerns about manpower, I want to continue on this line about a recent decision which appears, to me in any event, to have exacerbated the situation. That is the government's decision to give the Ontario Provincial Police the responsibility for animal protection--I am not sure what the appropriate description is--taking it away from the Ontario Humane Society, so that the OPP is now required to go trudging through the barns in the countryside to try to determine whether animals are being abused, mishandled, what have you.

I have had the humane society people in to see me, as I suppose most members have, about the fact that these officers, for the most part, are not trained to detect abuse of animals, certainly not to the degree the inspectors who work with the society are. How much time they are going to have is a key. Based on what we have just been discussing, how effectively are they going to be able to do the job? Are you happy with this added responsibility? Do you think it is appropriate that it was thrust upon you?

Mr. Ferguson: The responsibility has always been there for us as police officers. Generally, we have answered all the calls in northern Ontario for years and years in this respect. With respect to the logging camps, I know from personal experience when I was up there that the police were the agency that answered those calls. I have done a survey since this has become an issue, and we have had very few calls in this area, so that the time we have had to devote to it has been minimal up to now.

Mr. Runciman: You are only responding to calls. You are not carrying out inspections.

Mr. Ferguson: We are not carrying out inspections. We are responding to calls, making certain those calls are taken care of, but not going out doing any inspections.

Mr. Runciman: Perhaps the deputy wants to jump in here; I do not know. Based on the stresses you face now in terms of your complement--you cannot cover some areas between certain hours of the day and so on--how adequately are you going to be able to police this act and do an effective job?

Mr. Ferguson: From my standpoint, if the calls do not increase dramatically from what we have had, it will have very little effect on our time.

Mr. Runciman: What if they do?

Mr. Ferguson: If we are looking at doing inspections, that would be a whole new ball game. We would have to look seriously at that, as far as time is concerned.

Mr. Runciman: Were you asked for your views prior to having this additional responsibility passed to you?

Mr. Ferguson: The deputy minister and I discussed it in the senior management committee he has mentioned, prior to this.

Mr. Runciman: Prior to the responsibility.

Mr. Ferguson: Definitely.

Mr. Runciman: Prior to the decision being made?

11:10 a.m.

Mr. Takach: I do not want to create the impression that there was a new responsibility put on the Ontario Provincial Police. As the commissioner has properly pointed out, by virtue of the provisions of the Criminal Code and by virtue of the fact that police officers are there to enforce it, that responsibility has always been there and will ultimately always be there, notwithstanding the operation of any other system that would deal with animals and their welfare.

I do not want to go off topic by getting into the Ontario Humane Society issue, but it is sufficient to say that when we became aware of some interim difficulty in our liaison and discussions with the humane society, we dialogued on the issue at our senior management committee. Candidly, I cannot remember how the issue came up, but the commissioner indicated he would see to it that the force continued to do what was required of it.

I monitored the situation with him on one or two occasions to see whether we were getting increased calls and whether manpower was being depleted or a lot of time spent on this area. Our joint conclusion on those one or two occasions--or at least the commissioner's view, after canvassing his officers--was that we were not having a run on officers' time.

I do not regard the responsibility that is there as a new one. It is one about which we had to jointly refresh our memories, since apparently the humane society people who were available--and I say "apparently" advisedly--were not going to be there to do what they had been doing.

Again, however, that gets into the issue of assessing who was there to begin with and whether they were volunteers as distinct from paid people. My minister circulated a letter to all his colleagues about this whole issue. It gets off into quite a different matter, and I do not want to get into that.

Mr. Pope: I do not understand what you just said. Are you saying that the OPP are not doing what the humane society did before?

Mr. Takach: I am saying that the OPP always had a responsibility to enforce the provisions of the Criminal Code. In some instances, a humane society agency--volunteer or otherwise--would assist in said enforcement. To the extent that the humane society is not there now to do what it had been doing, the OPP will pick up the slack and will not only have to be responsible for the end result but may have to take the initiative.

To date, there has been no increase in calls to the OPP or a significant increase in demands on the OPP.

Mr. Pope: So they are going to do inspections?

Mr. Takach: Not inspections. Enforcement of the provisions of the Criminal Code.

Mr. Pope: On a complaint basis?

Mr. Takach: Yes.

Mr. Pope: That is different from what the Ontario Humane Society was doing.

Mr. Takach: No, it is not. That was one of their responsibilities. That is why it falls within our ministry rather than the Ministry of Agriculture and Food. They had certain powers as peace officers under the provisions of the Criminal Code to enforce the code as well.

Mr. Pope: I know that, but that is not all they were doing.

Mr. Takach: Yes, I agree.

Mr. Pope: So the other things they were doing outside the provisions of the Criminal Code are not being done now.

Mr. Takach: To the extent that somewhat less is being done by them now than was being done before. That gets into the issue of whether that is a fact, whether the people who were doing that were paid people or volunteers, and whether the letter of Mr. Hughes, which was circulated, is accurate.

Mr. Polsinelli: If a certain responsibility is taken away from them, will that not give the humane society more time now to do other things?

Interjections.

Mr. Pope: Oh, boy.

Mr. Gillies: The humane society's complaint is that they do not have any money to do anything. Much of our concern is that a lot of this work is being done at a higher cost to the taxpayer by the OPP. Why does your government not give the humane society some money?

Mr. Philip: I am going to follow a different line of questioning. It was appropriate that the subcommittee put the OPP in this week because it is a nice contrast with last week when we had the Ontario Housing Corp. appear before us. I have always found the OPP over the years to give us straight, truthful and unevasive answers and I see they are doing that today.

I would like to zero in on the area where I had the most concern when I read the Provincial Auditor's report. In a time of terrorism, when so many crazy people out there are knocking off people, you have such a poor security system that weapons could be removed from storage by the custodian and concealed by adjusting inventory records. Only the word "destroyed" and the date need be entered in the record of confiscated weapons.

I do not want to ask you details that are in any way going to compromise the new controls that you say you have put in, but I would like to question the answer you gave to the auditor. You say procedures over the control and security systems in ammunition have been reviewed following the audit and,

although to date no problems or discrepancies have occurred in relation to the control or custody of weapons, steps have been taken to increase both the control and security of the area.

If weapons could be removed from storage by the custodian and concealed by simply writing the word "destroyed," how do you know weapons have not made it into the hands of people who should not have them?

Mr. Takach: The most we can say is that to our knowledge there has been no difficulty and no incident with any weapon by virtue of an apparent breach, physical entry or detection by other means by staff. Further, there has been no occurrence recorded where anything that could have gone missing and which did not go missing turned up somewhere else.

When a system is imperfect, as ours admittedly was, you can never say with 100 per cent certainty that something got out that should not have got out, but the compelling circumstantial evidence is that this is the case. There has not been any breach that we know of, notwithstanding the fact that I am sure we are all aware there were certain deficiencies. It is not as if there were no checks or balances with respect to weapons. One would have thought that something would have shown up somewhere had there been a massive or even insignificant--

Mr. Philip: Can you pinpoint a date on which the controls were put in place?

Mr. Takach: I cannot. I do not know whether the commissioner can or not.

Mr. Philip: Even roughly?

Mr. Ferguson: Certainly, it was immediately after reviewing it with the Provincial Auditor. Even before I had a chance to review it, we were made aware that there was a concern and at that point the new controls were put in place.

Mr. Philip: We have had a two-year or 18-month period in which the new controls have been in place and in which no guns have shown up in illicit or illegal hands? Is that what you are saying?

11:20 a.m.

Mr. Ferguson: Since the auditor's report, and I am not sure of the exact date now, the controls we had at that time were changed so that we had a check and a countercheck on the weapons that were there as well as making sure they were secure from anyone attempting to enter the location. Since that time certainly there has been nothing to make us suspicious.

I might add that prior to that, having worked with the individual in charge of the weapons, I, as a police officer, and the other members who were working with him and knew him had complete confidence in that individual. There was no reason to suspect any problem whatever and there is still no reason, from our point of view, to suspect that he was not completely trustworthy and worthy of that position of trust we had given him.

Mr. Philip: I have always had a lot of respect for your crime prevention programs, both yours and that of the Metropolitan Toronto Police, with which I have had more connection in terms of some of the programs. Can you explain how, on one hand, you manage to conduct fairly worthwhile crime prevention programs and, on the other hand, you allow such a breach of security in your own backyard, so to speak?

Mr. Ferguson: I am not unhappy that the Provincial Auditor brought it to our attention as far as the security of weapons is concerned. It was reasonable for him to bring it to our attention at that point. We knew we had a secured building. The exits and entrances were guarded by security people. The area itself was in the charge of a person in whom we had complete trust.

Mr. Philip: The windows were broken. That is hardly secure.

Mr. Ferguson: Not into that particular area. You had to go past security guards to get into that area. There was not really the concern that may appear in this. I am not saying the Provincial Auditor was not proper in drawing it to our attention. Certainly, the additional security is warranted, but we had not experienced any problem. We were not terribly concerned because of the additional security we had around the building. Anyone walking into the building goes past a security guard.

Mr. Wildman: Except the back door was observed to be open and unguarded.

Mr. Ferguson: This was in a particular area. Any strangers walking into that building have to go through a locked door. They have to go past security guards. Those security guards are on the building 24 hours a day, seven days a week. In the actual area where those weapons were kept, the windows were unlocked because of the people who were working in that area. They were all known to us; most of them were sworn personnel. It was not wide open so members of the public could walk in at any time without being challenged.

Mr. Philip: You will admit that any police officer or anyone known to the security guards could have walked in and systematically on a regular basis removed weapons from those open doors without being detected.

Mr. Ferguson: He would have been detected by the individual in charge. He was really our main concern when you come down to it. He had complete control of them without any checks or balances on him. If someone else had been taking them, they would have shown up to him--there is no question about that--but now we have the safeguard on that individual.

Mr. Philip: I do not want to get into a security problem; so if you do not want to answer this I will understand. What kind of arsenal are we talking about? Could a subversive group, a revolutionary or terrorist group or whatever, if successful at penetrating your security system, get a fairly large stash of weapons? What kinds of things were stored there? Are we talking about large numbers of machine guns?

Mr. Ferguson: No.

Mr. Philip: Were they simply rifles?

Mr. Ferguson: Most of them would be our own issue weapons, which are pretty basic. A lot of weapons had been seized over the years or had been turned in during the period of amnesty. There was a slowness in disposing of those, somewhat because of the change of ministers. The minister has to authorize their disposal. Generally, they were weapons such as shotguns or .22s; nothing in the way of heavy machine guns and very few, if any, automatic weapons.

Mr. Philip: If somebody were to pull up a truck and managed to take a good part of what was in there, would they get a fairly large arsenal? Are we talking about hundreds of rifles or dozens of rifles?

Mr. Ferguson: There would actually be a minimal number of operable weapons. If you cleaned out the place, the number of those that would actually work would be minimal. Perhaps 100 or more would be accepted as weapons.

Mr. Philip: If somebody wanted to hijack the place, it would probably be more in his interest to hijack a gun store.

Mr. Ferguson: Very definitely. Most of the weapons stored there, other than our own force weapons, would not be of a great deal of use to most people.

Mr. Philip: The auditor claimed that "a number of people had unrestricted access to the weapons area. As a result, weapons could be outside the area without the knowledge of the custodian." Your testimony now contradicts what the auditor said. Are you saying the custodian would have immediate knowledge if one of those weapons were taken for any reason?

Mr. Ferguson: The custodian was keeping track of them and would have a record of them. If we trust that custodian, he would know those weapons were not there. There was certainly access, as the Provincial Auditor has said, to people we trusted in the area.

Mr. Philip: Would there be an inventory on a regular basis?

Mr. Ferguson: Yes, I believe so. I can be corrected by the Provincial Auditor; he has gone into it much more thoroughly than I did. I went into the idea of stopping any possible leak from it.

I accept the auditor's report without question. We corrected the things he pointed out to us as needing correcting. We have not experienced any problems because we did trust the people who were in custody of those weapons.

Mr. Philip: My 10 minutes are up, so I am simply going to ask the auditor if he is satisfied that the procedures now in place have secured this and that the problem is corrected.

Mr. Archer: From the description given this morning of the corrective action that has been taken, we would be satisfied. Auditors being auditors, however, we would want to check it out ourselves the next time we are passing.

Mr. Ferguson: Please be our guest.

Mr. Ferraro: I assure you gentlemen that I have not had a ticket for a long time.

Mr. Ferguson: I will make a note of that.

Mr. Wildman: You will get one next week.

Mr. Ferraro: There is always next year. I have some general questions. Basically, how would you describe the increase I am assuming in the crime level in Ontario, in both violent and nonviolent crimes in the last two or three years? Has it been rising at an uncontrollable rate? Has it gone down in some areas with prevention programs working, or what?

Mr. Takach: The commissioner may have some better specific information than I do. It is a rather difficult question to address.

As you are aware, stats come out yearly and some of them seem to be contradictory. I can never understand them myself. Some come from Statistics Canada and the federal government agencies; some are private surveys. At the same time, we seem to have two competing surveys: one that shows violent crimes going down and the other showing robberies and murders increasing.

Mr. Wildman: The figures indicate that the actual murder rate is dropping.

11:30 a.m.

Mr. Takach: I do not know. It is basically correct. My instinct is that criminal occurrences in total are up rather than down. That is subject to correction by the commissioner. Often, from one year to another, there are shifts within certain categories.

For example, weapons offences may decrease after the amendment to the Criminal Code which imposes a minimum mandatory jail sentence with respect to use of firearms in the commission of an offence. Next year, it may jump back up. There is always a tremendous shift from property offences to violent offences. I am taking a long time to say I am not aware of any meaningful study that has convinced me there is any definite trend one way or the other. However, I think total occurrences are generally always on the rise, although not on a population basis.

Mr. Ferguson: Yes, I would agree with you, Mr. Takach. It has been relatively static over the last two or three years. If anything, crimes of violence may be up slightly--three to four per cent at times--but they do vary. Generally, there is no more than a three per cent increase, in the last two or three years, in most crimes.

Mr. Philip: May I ask a supplementary on this? With crimes of violence, are your statistics not affected by the fact that you have been doing a better job of educating the police in laying charges in wife-abuse or battered-women incidents? Also, with some of the support groups for battered women, there are more demands to lay charges against those people who commit crimes of battering against women and children. That alone may account for the increase in the figures.

Mr. Ferguson: Yes, I agree totally. The way it is reported, the fact that there is more effort in the area of battered wives and that charges are being laid, has some effect on it. There is no question. In spite of that, there is a slight increase in crimes of violence--robberies and attempted murders--and a slight increase in the murder rate, too.

Mr. Ferraro: Do certain areas in Ontario have a greater increase, proportionately, in the number of occurrences? In other words, is the north exceeding the number of increases in occurrences, for example, compared to southern or central Ontario? Can you judge that?

Mr. Ferguson: It is pretty even. I am aware of no areas in Ontario that come out higher in incidents of crime, other than that, per capita, we seem to be getting more impaired driving charges, of all things, in the north. We have done some studies that surprise us.

Mr. Ferraro: I am getting to my major concern. Is this aggravated or are the figures skewed when we start talking of summer as opposed to winter?

Mr. Ferguson: What differences do we see in the summer?

Mr. Ferraro: To what degree does crime increase in the summer as opposed to the winter?

Mr. Ferguson: It depends on what type of crime we are talking about. We get far more break-and-enter incidents in the cottage area in winter. They are usually not reported to us until the spring. We get more traffic offences during the summer, but quite often we get more accidents and fatalities in the bad weather. It varies in different areas at different times.

As far as our occurrence rate, the summer is a busier time for general occurrences reported to us.

Mr. Chairman: That is when all the tourists from the south come to the north.

Mr. Ferguson: That is true.

Mr. D. W. Smith: Including the chairman.

Mr. Ferraro: Having gone through this preliminary exercise, I appreciate the difficulty of being specific on such a general or wide topic. In the light of the auditor's concern and my major concern about when you have a higher activity of criminal incidents, accidents or whatever during the summer, can you tell me specifically how many more officers will actually be on duty in the summer of 1986 as opposed to 1985? I agree with Mr. Philip's comment that you have to shoot from the hip. I appreciate that.

When I read page 4 of your report, in your answer to that question, you say: "First, field constable work schedules have been revised to improve the availability of personnel on summer weekends. Second, written direction has been provided to district commanders, reminding them that vacation leave of absence must be carefully scheduled." The third part is that you have some difficulty with contract negotiations, or some obligations as opposed to difficulties.

Being a politician, you have to choose your words very carefully. Do we or do we not have more manpower--uniformed men and women--on active duty during the summer?

Mr. Ferguson: As we have stated in here, we do not allow any more than one sixth of our strength off at any one time. It comes down to the detachment commander deciding the strength of his detachment. He may be looking at one sixth of his total detachment, but lose one or two people on

detail to a summer detachment--Wasaga Beach, Sauble Beach, wherever he has to send those people. In figuring his one sixth, he may take all of those people into consideration. Today, we are saying to him he can take one sixth of the people actually available to him. It is a stricter application of what we have been talking about.

Mr. Ferraro: Give us actual numbers.

Mr. Ferguson: I am talking about the people who are available for patrol. We have also gone back and over the past year and have implemented a compressed work week schedule. For the past three months, I have had people out actually working with every detachment across the province to make certain that the schedule they are working--it is either a strict eight-hour or 10-hour day--conforms to the work load within the detachment.

I found in the surveys I took last year that during the busy summer months, I may have had as few as 40 per cent of a detachment strength working on a busy weekend. I can assure you, with our new scheduling, there is now no less than 60 per cent of that detachment strength available for any period during the busy time. We are increasing the presence in that manner.

We have tried to control the overtime these officers build up and naturally want off when it is appropriate to them. We have tried to control it by telling their detachment commanders that, unless they can put 60 per cent of their work force on the road during their busy times, no one gets a statutory holiday. We are controlling them in that manner. As far as saying they cannot have summer vacation during that time--and I agree with the statement by the deputy--that is pretty difficult to do with people who have families and children and want their vacation during the nice weather. I assure you that we do have better coverage and will continue to have all during the summer.

Mr. Ferraro: I appreciate what you said and I appreciate the summer holidays as well. On the other hand, it is obviously a concern to everybody in this room that the nine million people in this province are protected. I think the auditor was absolutely correct when he pointed out that possible deficiency which you are addressing.

In conclusion, can you tell me the exact numbers of how many more uniformed officers will be on duty in the summer in 1986 as opposed to 1985?

11:40 a.m.

Mr. Ferguson: I could probably tell you day by day if I had any way of knowing last year by going back over the schedules. As I say, I can assure you every detachment area across this province will have at least 60 per cent of its personnel working during the busy periods of the summer months. We may run into Tuesdays, Wednesdays and Thursdays where the work load indicates that there is a slack period and they may have less than 60 per cent. On this upcoming May 24 weekend, I can assure you we will have at least 60 per cent of our detachment strength, in every detachment across the province, working.

Mr. Ferraro: Let me rephrase the question--

Mr. Ferguson: I cannot give you figures, sorry.

Mr. Ferraro: Can you give us figures at a later date? I am not talking about emergencies; I am talking about regularly scheduled uniformed

officers in Ontario. Can you give us figures and anticipate how many will be on duty in 1986 and, indeed, how many were on duty in 1985?

Mr. Ferguson: I doubt that I can go back and get them for 1985. I would have to pull out all the schedules and deal with so many variables. There would be people on secondment, people on special duties, and when we are talking about being on duty, we have people doing so many varied things within our force. The uniformed officers you see on the road in the black-and-whites are only part of our operation.

Mr. Ferraro: I appreciate that.

Mr. Ferguson: If we are talking strictly about that, I may be able to come a little closer.

Mr. Ferraro: That is the major concern I have; the officers who are on traffic duty rather than the officers who are on duty to essentially protect the physical wellbeing of the people.

Mr. Ferguson: The drivers, the highways, answering the regular occurrences; is that what you mean?

Mr. Wildman: Do you have them on special events that take place on long weekends in the summer?

Mr. Ferguson: We generally have to reschedule for those things and bring people in.

Mr. Takach: Excuse me. It is hard to go back a year, but what we could do for this year is take the number of vacation weeks or days taken, whichever way it should be broken down, and compare it with the number of work weeks put in during the summer months. In other words, for a force of 4,400 or 4,500 and some, you are going to have so many working and so many on holidays. We could extract the number of holiday weeks taken during June, July and August if you think that would be of use.

Mr. Ferraro: I am a banker by profession and I would like to see some actual figures as opposed to percentages.

Mr. Ferguson: I am satisfied that during our peak periods this summer we will have at least 20 per cent more presence on the roads than we had last year at the same time.

Mr. Ferraro: That is fair enough. That appeases my concern somewhat.

Mr. Gillies: Very briefly, my questions arise out of early questions about the weaponry. I must say I am somewhat confused. Are we talking about the central storage area for OPP weapons or are we talking about one of a number of such depots?

Mr. Ferguson: We are talking about one of a number; probably the most used area, though, the one that would contain the most weapons.

Mr. Gillies: Okay. As other members said, if I ask anything that you do not want to answer for security reasons, I invite you to please not answer.

One of the reasons I asked is that I was surprised when you said there was so little by the way of heavy or automatic weaponry. Is that because the

primary responsibility for antiterrorism activities would not be with the OPP? Do you simply not have a lot of that type of weaponry?

Mr. Ferguson: We do not have it stored there. Anything in the area that you are talking about is probably in place with our officers or readily available to them in secure storage or in their possession. The majority of these weapons were seized or confiscated weapons, or weapons that were turned in on the amnesty. They took up the biggest portion.

Mr. Gillies: All right. That is my primary concern. The heavy weaponry that we might assume terrorists would be interested in is secure and the auditor had no comment to make about the handling of those weapons.

Mr. Archer: If the weapons were not maintained at the central location, we had no comment on them.

Mr. Philip: May I ask a quick supplementary? Why would these not be sold off? Is there not a legal market for them? Why are they held? Are all of these being held pending court cases?

Mr. Ferguson: No, they would not even be held pending court cases. They might be held pending appeals but the evidence would be held by the officer if the weapons were involved in a court case. A lot of them go back to confiscated weapons that have been cleared through the courts or any process and are waiting to be identified and destroyed. There is a process we would have to go through to do that.

Mr. Philip: Could you not accelerate the destruction of these as a safety precaution?

Mr. Ferguson: We have since accelerated their destruction. Unfortunately, we had an insufficient number of clerical people to put on it. You have to have someone who is very familiar with weapons. He has to examine the weapon, make certain it is not wanted in some offence, be able to clear it in his mind, and then put it out for destruction. When that is done, we have to get the authority of the minister to destroy it. There was a backlog of weapons that is now being taken care of.

Mr. Gillies: Notwithstanding the earlier questions and answers, Commissioner, I would like to be assured that the four specific questions raised by the auditor have been addressed. The first point: "Some windows in the building containing these weapons were broken and/or left open on a continuous basis. Additionally, the back door to the building was observed to be open and unguarded." Could I ask you to comment briefly on that?

Mr. Ferguson: Those issues have been taken care of. We felt that the building as a whole, and the people in charge of those weapons, were secure. They were trusted. We knew they were doing their job, and we had no concern about them.

If I may, I would invite people who have the concern to come down and take a look at our storage if they wish. We do not want to make it an open house by any means, but I would be very pleased to let you come and take a look at it today, and assess it for yourself.

Mr. Gillies: That is a welcome invitation. My second point is that the auditor mentioned the lack of an alarm system.

Mr. Ferguson: The alarm system is now in place. It was not in place at that time, but it has been put in place since.

Mr. Gillies: My final point is on the auditor's statement: "A number of people had unrestricted access to the weapons area. As a result, weapons could be outside the area without the knowledge of the custodian. Also, we observed repair shop personnel removing weapons without signing them out."

Mr. Ferguson: I dare say that may have occurred. Again, a number of people who had access were trusted employees, just as our police officers are. Some of them were civilians, but they were trusted, and we had no difficulty because it was confined to that area. It has been corrected.

Mr. Gillies: I have one final question, more out of curiosity than anything else, with regard to the items thought by the auditor to be overstocked.

The deputy said that you "have taken steps to reduce inventory where possible by exchange, redistribution, and dispersal to surplus stock, which is sold to the public." Does the disposal of goods by those methods in any way come close to cost recovery of the items? Do you have any idea how much you are able to take back by that kind of disposal?

Mr. Takach: I do not have any specific information as to how much we can take back, but there was only one instance where that was possible. That was probably with respect to the breeches. With respect to certain of the other items of wearing apparel, we decided it was not cost-efficient to dispose of them, and better to hold on to them to be used as required down the line.

11:50 a.m.

Mr. Wildman: Gentlemen, could you comment on the cap our cameraman is wearing?

Mr. Ferguson: I thought you would notice that.

Mr. Wildman: Is that the actual insignia, or an adapted one?

Mr. Ferguson: That is an adapted one. As a matter of fact, it is a 75th anniversary emblem we had out. Those hats were distributed--very widely--because we were very proud of the Ontario Provincial Police having completed 75 years. I hope he bought it, that is all.

Mr. Philip: Can we get that on camera?

Mr. Wildman: We are a little short of time, so I would like to pursue the question of the breeches. At the time of the audit, you had 61 years of stock on hand of heavy winter breeches, and 23 years of winter breeches, worth a total of approximately \$65,000. What has happened since the audit with regard to this very substantial--obviously, you are thinking ahead--inventory of breeches?

Mr. Gillies: It is a "breech" in security.

Mr. Takach: The OPP found itself in that position for a couple of reasons. First, there was a change in the colour of the uniform tunic which resulted in a stocking of two colours of breeches. Basically, what happened

was that the manufacturer changed its dye lot and, to avoid giving the individual officer a two-tone effect, we had to--

Mr. Wildman: Why did you not dye the old one?

Mr. Takach: I am not sure that was possible.

Mr. Wildman: What has happened to them now?

Mr. Takach: The other reason that we had a large number was the reduction of the number of members assigned to motorcycle patrol, riding in winter conditions, thus reducing depletion of the stock. What we tried to do was to see whether some of them could be sold to other police forces, such as the Metropolitan Toronto Police Force. We did not have any positive result but we did dispose of 293 pairs through assets disposal in the Ministry of Government Services.

Mr. Wildman: How many pairs do you normally use in a year?

Mr. Takach: That would depend upon the year.

Mr. Wildman: How cold it is?

Mr. Takach: And how many people the commissioner has on motorcycle patrol and how many new recruits are hired who would be assigned to motorcycle patrol or how many new people come into that unit. Commissioner, do you have anything to add?

Mr. Ferguson: We cut back our motorcycle patrol considerably in the last couple of years because we find that though the motorcycles are very effective in the heavy traffic area around Metro Toronto and in some detachments west of us, generally detachment commanders do not appreciate people on motorcycles because they are limited in what they can do. If they stop an impaired driver, another car has to be sent out to assist them.

There has been a gradual decrease and we use them strictly for traffic control. Consequently, there was no need for the breeches that were there. They would have been used up much quicker. Certainly, some of our far-north officers did use the winter breeches and they have become less attractive to those people because some of our uniforms are a little heavier now for the north and the clothing is a little better so they lost interest and they were not being issued the same. They would be on a request for the northern people.

Mr. Wildman: How many years to do you have left?

Mr. Ferguson: We currently have 84 pairs in stock and we have about 60 motorcycle riders, so the number in stock barely covers those. If we had an officer go off the bike, he may need a new pair rather quickly.

Mr. Ferraro: A bare minimum, is it?

Mr. Wildman: You did not consider distributing them to motorcycle clubs as a gesture of friendship?

Mr. Ferraro: Hell's Angels or something.

Mr. Ferguson: I doubt that they would want them that badly and I am not sure we would want them to have them.

Mr. Wildman: I have one other question with regard to the vehicles, and the argument you gave this morning about running to 140,000 kilometres rather than 130,000. You made the argument on the basis of cost and repairs. You thought it was cost-effective because you did not have to buy as many more vehicles as you would have. Have you done any studies with regard to safety, and whether the vehicles are adequate with an extended mileage in that sense?

Mr. Ferguson: We are content that we can run those vehicles to that mileage and still be safe. That is a major concern of ours. I would not want to take it any further, but we found that with the number of vehicles we are using and the quick turnover, we can do it.

Where the vehicle is confined to operating on good, solid roads all the time, such as those in the Metro area or on Highway 401, it would probably put that mileage on in less than a year. In the north, we may have a more difficult time keeping the vehicle in good repair. Generally, however, we can operate to that mileage and still keep a good, safe vehicle.

Mr. Takach: We should observe that they are auctioned and resold. People do buy them and drive them, and they are fully certified. Albeit police needs are more rigorous than those of the everyday citizen, we nevertheless feel we are not compromising the safety of the officers or the public.

Mr. Ferguson: Maintenance is always kept right up.

Mr. Wildman: One final question. You suggested that in one area, perhaps in the north, the crime rate might be rising higher than in other parts of the province. We also had a discussion earlier about distances in the north and the problems of patrol. Can you indicate how the complement of Ontario Provincial Police officers per capita in the north compares with overall provincial numbers?

Mr. Ferguson: This is off the top of my head, but I would say that our per capita in the north is much heavier than in the south, as far as our officers are concerned. If I might correct you, sir, I only commented on impaired drivers. One thing we are finding in our survey is that there are more impaired drivers per capita in northern Ontario than in southern Ontario.

Mr. Wildman: I think the Alcoholism and Drug Addiction Research Foundation also finds that the use of alcohol is higher in the north.

Mr. Ferguson: Yes, I agree with you.

Mr. Pope: Going back to the use of automobiles, you are locked into a dispute with the municipal police forces over escorts. You made a decision last summer, according to the police chiefs I talked to, to cut them off from funding for escort services. That amounts to a bill of \$400,000 for the municipal police forces for 1985 alone, which you are asking the municipalities to bear.

It looks as though the municipal police forces are going to stop their escort services, and unless the OPP picks up the slack, there will not be any escorts; let the chaos reign. Why has this matter not been resolved, in spite of the fact that on February 4, the police chiefs met with your minister to try to resolve this issue? They were told that it was a debate between three different ministries in government. Why was this cut off? Who is going to pick up the slack, and how much is it going to cost?

Mr. Takach: The issue of why it was cut off would have to be addressed by the Ministry of the Attorney General. That ministry had assumed the responsibility for making payments. I do not want to speak for that ministry, but I know that it had to do with the extra per capita grant, \$3 a head, put into effect in the not-too-distant past. That is my understanding, and any further information as to why whatever was being paid was terminated would have to come from that ministry.

It is a problem we are aware of. I dealt with it in some minimal fashion this morning; it came across my desk. It is something on which our ministry, by virtue of the interest and responsibility we have for policing, will have to dialogue with the other ministries.

12 noon

Part of the difficulty relates to the Young Offenders Act and its provisions dictating where a young offender has to be taken, as well as available facilities. This puts an additional, significant responsibility on local police forces. Whether the issue is met by putting increased responsibility on the OPP or in some other way, I just cannot say at this point.

Mr. Pope: Yes, but that was the position of your minister on February 4. Nothing has changed, I take it. There has been no progress, and you are going to have no escort services, so who is going to pick up the slack? Are we going to have people who are committed to provincial institutions just walking out of court?

Mr. Takach: I hope we are not going to have that. Our expectation is that the municipality will continue to perform its responsibility in this area until we can get the cost issue sorted out.

Mr. Pope: It is not going to happen. This has been going since last summer. There have been all sorts of briefs and representations and you are giving them the runaround. The decision was made last summer by the Ministry of the Attorney General and we are now placed in a situation where you are going to have no escort service. All I hear from you is, "We will have to discuss it."

Mr. Takach: As I have said, your prime question is better addressed to the other ministry but we are working with it to see what the problem is and how it can be ironed out.

Mr. Chairman: Now, he has 30 seconds for Mr. Smith.

Mr. D. W. Smith: I will not take long. When the police do special investigations, how public are those reports? How difficult is it for people to obtain those reports after you have finalized the investigation or are they for public knowledge at all?

Mr. Takach: That is a good issue, an interesting issue and one that is raised from time to time. The basic rule is that verbatim reports of investigations are not automatically public. It has always been my view, and I think the view of my colleagues in the Ministry of the Attorney General who are closely related to this issue, that it is not in the public interest to automatically make them public. When a police officer does an investigation, he relies on many things which are not admissible as evidence in court. He receives information in confidence and he may express opinions about an

individual which, if expressed publicly, may subject him to civil action and, indeed, the ministry to civil action.

Mr. Wildman: It sounds like MPPs.

Mr. Chairman: I am sorry, Mr. Takach, that is the five-minute bell. We have to go and vote and I know you have another meeting. I am sorry to cut you off at this point, but we really have to go upstairs. I would like to thank you and Commissioner Ferguson for being here, and I will have the committee adjourned. The steering committee will come back for about five or 10 minutes right after the vote.

The committee adjourned at 12:04 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

URBAN TRANSPORTATION DEVELOPMENT CORP.
WORKERS' COMPENSATION BOARD
ORGANIZATION

THURSDAY, MAY 22, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Harris, M. D. (Nipissing PC)

VICE-CHAIRMAN: Runciman, R. W. (Leeds PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gillies, P. A. (Brantford PC)

Gordon, J. K. (Sudbury PC)

Philip, E. T. (Etobicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitutions:

Bossy, M. L. (Chatham-Kent L) for Mr. D. W. Smith

Foulds, J. F. (Port Arthur NDP) for Mr. Wildman (UTDC)

Martel, E. W. (Sudbury East NDP) for Mr. Wildman (WCB)

Shymko, Y. R. (High Park-Swansea PC) for Mr. Runciman

South, L. (Frontenac-Addington L) for Mr. Polsinelli

Stevenson, K. R. (Durham-York PC) for Mr. Gordon

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witness:

From the Office of the Provincial Auditor:

Archer, D. F., Provincial Auditor

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, May 22, 1986

The committee met at 10:20 a.m. in room 151.

URBAN TRANSPORTATION DEVELOPMENT CORP.

The Acting Chairman (Mr. Gillies): Quickly come to order. I apologize for being late. I have landslide problems this morning in Brantford.

Mr. Foulds: Yes, you look a little muddy.

The Acting Chairman: The first order of business this morning is the notice of motion from Mr. Philip on the subject of the Urban Transportation Development Corp.

Mr. Philip moves that John Kruger, special adviser to the Premier (Mr. Peterson), and David Hobbs, Deputy Minister of Transportation and Communications, be asked to come before this committee to answer questions concerning recent developments in the attempted sale of UTDC.

Due notice was given of this motion at the previous meeting, so I will ask Mr. Philip to speak to it.

Mr. Philip: The motion is fairly straightforward and simple. The decision as to the fate of the sale of UTDC was supposed to be taken by the end of April. We now see in the third week of May, for whatever series of reasons, we still do not have an answer to what is going on with that company.

This is not an ideological problem. We are concerned about the economics of the sale. We have not made up our mind concerning whatever combination or eventual result there is, but we do feel we should have some answers to what is going on in the negotiations. We are not interested in interfering with, or in any way undermining, the negotiations, which may or may not be going on, depending on which press story you read.

It seems fairly clear that there are a number of problems. First, the sale does not seem to have had any basis in transportation objectives. Second, we have had a number of different scenarios as to what the company is worth. Third, we have some reason to believe the sale may not take place at all. It seems to me that because we are concerned about the jobs, because we are concerned about the future of this company, we would like to have a meeting again to get an update on this.

Because there are ongoing negotiations, we think the company should be given some fairly decent advance notice of that meeting, so I am not pressing that these people be asked to appear before the committee next week or the week after. They should perhaps be given a month's notice. By that time they will have a better idea of what developments are going on, and we might have them appear then.

My colleague, Mr. Foulds, wishes to address himself to that. I will leave it at that.

The Acting Chairman (Mr. Ferraro): Mr. Foulds is third on the list. Mr. Epp, then Mr. Gillies.

Mr. Epp: As members of the governing party, we have no difficulty with the motion itself. There was only one concern: I understand there is some difficulty with scheduling, and Mr. Kruger will not be able to make it for the next few weeks. From our standpoint, however, we support the motion. We think it is a good motion.

There are obviously questions that all three parties would like to address to Mr. Hobbs and Mr. Kruger. Consequently, you will not find any opposition from this side with respect to the motion Mr. Philip has introduced.

Mr. Gillies: I want to speak in support of this motion. It has been a concern of our party that the proposed sale of UTDC may not be handled appropriately. My leader has raised this matter in the House lately. We question the amount of money that is going to be realized through the sale, we question the commitment of Lavalin to the purchase and, in fact, we question the process the province has gone through leading up to this sale. With all this in mind, I certainly support the motion.

While we have been reasonably critical of the way this is being conducted, I want to say for the record, in fairness, that Mr. Kruger has been very forthcoming with this committee. When we have invited him to appear before it, he has. He has tried to the best of his ability to answer our questions. I understand he is quite willing to appear again. That should be on the record.

I want to indicate our party's support for the motion.

Mr. Foulds: Obviously, the committee is in agreement. I will make a few very brief comments. What we have at stake here are something like 750 jobs in Thunder Bay and about 200 in Kingston. We have the job security of the people involved, as well as the security of a very important industry to Ontario, the public transportation industry.

When Mr. Kruger last appeared before the committee, we were told a deal would be completed within two or three weeks. That has not happened. Since that time, we have had the auditor's report, to which we should give some consideration at an appropriate time. As I read that, it cautiously indicated that Wood Gundy's evaluation might be conservative, to put it mildly.

It seems to me, therefore, at an appropriate time, probably June 5 or June 12, we should have Mr. Hobbs and Mr. Kruger before the committee, either to explain what will then be a completed deal or at least to give us an update on what is transpiring with the negotiations. The enthusiasm and expectation that there would be a quickly completed deal has not borne fruit. I believe this committee deserves to know why that has not taken place and what have been the snags in the negotiation, whether those are financial, job security or what have you.

As my colleague Mr. Philip said, I have no desire to queer the deal. I have no desire to interrupt the flow of negotiations, but there comes a time when a crown corporation and officials acting on behalf of the Premier in a matter of policy that is not yet clear should be accountable and answerable to the Legislature.

I support my colleague's motion and I hope the committee can schedule a

hearing for June 5 or June 12, which will give the officials plenty of notice. It gives them another three or four weeks to put together their--

The Acting Chairman: Are you moving an amendment putting in a specific date, or is that just a recommendation?

Mr. Foulds: That is a just a suggestion. I will not make a formal amendment. Once the steering committee sits down, it will keep those dates in mind. I think those would be appropriate.

Mr. Philip: Move the question.

The Acting Chairman: Are there individuals who want to discuss it?

Mr. Epp: I just want to clarify. The understanding is that the clerk will try to arrange a suitable date for Mr. Kruger and Mr. Hobbs to appear.

The Acting Chairman: Yes.

Mr. Philip: It will be some time in the next month or five weeks, something in that area.

The Acting Chairman: That is fair enough. Does the committee want me to repeat the motion, or are you prepared to vote?

Mr. Philip: You can take a vote.

The Acting Chairman: All those in favour? Carried unanimously.

Motion agreed to.

Mr. Philip: It is like the standing committee on the Ombudsman, where we get that kind of consensus.

WORKERS' COMPENSATION BOARD

The Acting Chairman: Whereas under section 84 of the Workers' Compensation Act, the Provincial Auditor has authority to audit the accounts of the Workers' Compensation Board, including those accounts that are granted to safety associations: Mr. Philip moves that the chairman of each of the safety associations receiving funds from the Workers' Compensation Board and the chairman of the Workers' Compensation Board be called before this committee to answer questions concerning their expenditures.

10:30 a.m.

Mr. Philip: My colleague who is the chairman of the health and safety task force for our party and I have listened to some horror stories around this province about how accidents are increasing astronomically, 24 per cent in the past two years. At the time the amount of money being spent on the nine safety associations has escalated in the vicinity of a thousand per cent in ten years. It has gone from \$9.97 million in 1975 to \$31.4 million in 1985. It seems that even though increasingly larger amounts of money are being spent, there are more accidents. As a committee which is concerned about value for money, we should take a serious look at that.

In listening to comments on the budget, I found it interesting that the small business organizations did not talk so much about taxes; they talked

about the increasing cost of workers' compensation premiums. This is an economic factor for them, not just a safety factor for the workers. The more accidents, the higher the cost to the small businessmen and to the companies, and in turn the higher the cost to the consumer.

There are a number of specific questions we wanted to ask. It is our understanding that in 1985 close to \$1 million was spent by the Industrial Accident Prevention Association on travel, \$45,000 on legal fees and \$12,000 on memberships. All we are talking about is 200 employees. We understand that the executive members of IAPA have some very expensive expense accounts, and we are concerned that the location of the IAPA. The association moved its headquarters in Toronto from one location to another, when we understand there was 30 per cent more space available down the street for approximately half the cost.

We are also concerned about the style in the way in which these organizations are running. While we may not be talking about large amounts of money, it seems symbolic when you have a group of people who are spending money on portraits of themselves. That says something about the style of that organization. I doubt very much that you or I, our Provincial Auditor or even our Ombudsman in Ontario, have gone out and had portraits painted of ourselves. Yet we have that happening with the IAPA. As far as I know, we do not have a painted portrait of the Premier hanging up in this assembly at the taxpayers' expense.

I am all for sponsoring the arts. Considering the amount of money I paid last week to get two tickets that gave me nosebleeds at the O'Keefe Centre, I probably have not always spent wisely. However, I wonder whether hanging portraits of these gentlemen for all posterity on the walls of their very rich boardrooms is the way to promote the arts. Those are the things we are concerned about.

We should also look at whether the nine individual safety associations are necessary, whether there may be economies in combining some of them, eliminating some of them or whatever multiplication of functions we might be able to do within that.

For those reasons, I ask that we have the same unanimous support that we had with our previous motion. Because this is a more urgent matter I hope we may be able deal with this earlier than the UTDC matter, which requires Mr. Kruger and company to continue on their negotiations. That is what I have moved and I ask the members' support.

Mr. Chairman: Thank you, Mr. Philip. I have two speakers listed at this time. We will start with Mr. Gillies.

Mr. Gillies: I will be supporting this motion, but I want to make a couple of comments about it and I would like to propose an amendment or two.

I certainly feel that the expenses of the safety associations should be reviewed. I agree with my friend Mr. Philip and I look forward to that review. However, this comes at a time when the incumbent Minister of Labour (Mr. Wrye) has been rather cavalierly casting around suggestions as to whose fault it is in this province that there is an increase in the incidence of work-place accidents.

At various times, in speeches and remarks made to the House, the minister has really been suggesting that it is everybody's fault but his. It

is everybody's fault but the fault of the policies of the Ministry of Labour. He has suggested rather broadly that part of that problem lies with the safety associations. I am sure this will come up as part of our discussions.

In view of that, I am hoping to make a friendly amendment. I suggest to my friend Mr. Philip that representatives of the Ministry of Labour also be present at the time we call forward the representatives of the Workers' Compensation Board.

I want to make a further suggestion. It may not be that before the end of this session we can have before us all these officials from the Ministry of Labour and the Workers' Compensation Board to look at something else that has been of concern to me. I wonder if we can possibly kill two birds with one stone.

I would also like us to look at the costs and operation of the Downsview rehabilitation centre. I am wondering if the mover would be agreeable to a further amendment, that we ask representatives of the administration of the Downsview centre to appear at that time with the people from the board and the ministry. We could deal with both of those matters.

Mr. Epp: I do not have any difficulty with the motion as it stands. However, there are a number of points we should look at.

These are serious concerns Mr. Philip has raised. These are facts he has brought before the committee. The facts he has indicated today with respect to the expenditures of the committee are somewhat at variance with what he suggested earlier, but the ones he has mentioned today, to the best of my knowledge, are accurate.

Mr. Philip: Mr. Chairman, on a point of order: Would Mr. Epp like to be more explicit on that? The figures I used today were the same figures I used in both the House and the committee.

Mr. Epp: Maybe those figures are different from the ones used in Mr. Martel's letter to the--

Mr. Philip: What Mr. Martel writes in a letter is not my concern. What I have said in the Legislature and in the committee has been consistent. I used the same figures and had the same facts in front of me when I made my statement in the House, when I moved the motion last week and spoke to it as a notice of motion and when I spoke here. I would ask that you kindly withdraw that remark.

Mr. Epp: The figures Mr. Philip has used, to the best of my knowledge, have been accurate, the ones he has used today and on previous occasions, although I have not seen the ones he used on previous occasions. If he tells me they are the same figures he has used on previous occasions, I will have to accept his word on it. However, we will have to take a close look at some of the assumptions that have been made.

We are concerned about the public expenditure of dollars and we are talking about more than \$31 million. We are concerned about having the facts before we bring a number of people before this committee. It is particularly incumbent upon the standing committee on public accounts, and certainly on all members of the Legislature, to try to get at the basic facts before us and not to have some theatrical show here.

As everyone knows, this is not a problem that has developed overnight, in the last six months or even the last year. It is something that has come about over a number of years. The minister has tried to address the problem and to correct the difficulties that have been presented.

10:40 a.m.

I am prepared to place an amendment before the committee which would in essence recommend that the Provincial Auditor audit the books as far as the nine safety organizations are concerned and that this committee give priority, or ask the auditor to do it in the shortest possible time, to a full audit of that before we have these people before the committee.

That would give us an indication of what the actual situation is, as opposed to the kind of fly-by-night information that may be an alternative. It is certainly not an alternative we would accept.

As a result, I pose in the form of a friendly amendment that we try to get the information first, as opposed to having these associations before us. Other than that, I have no difficulty with supporting the motion. We are as concerned with this matter as the two opposition parties are.

Mr. Chairman: Just procedurally, before I get to Mr. Martel, whom I know wants to speak for a minute or two, I understand Mr. Gillies is going to put forward an amendment, as well as Mr. Epp. Since I do not have them before me, can we just--

Mr. Philip: I am willing to accept Mr. Gillies's suggestions as friendly amendments and therefore he does not have to move them.

Mr. Chairman: I was going to suggest that we have the discussion. We have notice of amendments coming and we will deal with them procedurally when they come.

Mr. Philip: Okay, so you want to take Mr. Gillies's first then?

Mr. Chairman: I would just as soon. He has served notice that his amendment will be coming. Let us have the discussion and then deal with it.

Mr. Martel: I want to speak to the amendment.

Mr. Chairman: Okay.

Mr. Martel: I want to say I have a suitcase of material provided to me by an ex-official of the Industrial Accident Prevention Association, so that when I present this stuff it is not without some foundation and some concern.

I get a little mystified when people tell me it is a new government, or something like that. The problems confronting people in the work place did not start yesterday. In the past two years, the number of accidents has increased by 24 per cent--40,000 a year for the last two years.

The IAPA has one mandate and one mandate only, namely, to educate the people in an attempt to reduce the number of accidents. If that is your mandate and accidents increase by 24 per cent in two years, it says something about what you are doing with your mandate. It says you are failing miserably.

The fact that the Ministry of Labour is an accomplice in this is not my fault. I think the report you saw yesterday on the front page of the Toronto Star is behind it all. We have an act to protect workers, which two governments have now refused to enforce. We talk about more inspectors, but when we get more inspectors, we have fewer than we had in 1981.

In a moment or two, I am going to come to Mr. Epp's suggestion that we look at it. Maybe I will do it now.

In the second annual report of the Advisory Council on Occupational Health and Safety for the fiscal year 1979-1980, it was recommended that the Ministry of Labour review the need for nine separate safety associations. That was way back then. The advisory council to the ministry said, "There is something crazy to be pumping \$31 million into nine associations." It is even more so today when one recognizes that in the past two years the number of accidents has gone up by 40,000 a year. One questions what the IAPA is doing; one questions what the Ministry of Labour is doing. You cannot separate one from the other.

What is even more frustrating for me is that the IAPA and industry play a double-barrelled game. Industry does not want assessments to go up and, at the same time, it is fighting health and safety in the work place. You cannot have it both ways. There is only way we are going to reduce that assessment to the Workers' Compensation Board and the unfunded liability. That is when we reduce the number of accidents. It is pretty bloody simple.

The IAPA says its mandate is to look at things. When it is asked to provide information, it takes the position that its information is confidential. It tells the Ministry of Labour, "You back off, buddy."

The IAPA is quoted in the Kingston Whig-Standard as saying: "Industry has set up these safety associations on condition that we would not reveal to the ministry or anyone information that would reflect on their competitive position. It's like an Official Secrets Act and it applies to everybody here at IAPA."

It is telling the Ministry of Labour: "Get the hell out. We do not have to give you the information. We do not have to give you any information." This is a group funded by the province. Can you imagine us pumping \$31 million into it and then having it say that this is like an Official Secrets Act? Its mandate is to put this across to everyone.

It is not just that you go into a plant and tell the manager. You are supposed to be educating labour. You know how they do it, do you not? Watch the hockey game tonight and you will see at least two commercials. One commercial shows this dumb worker. He has a hammer and chisel. He does not have any safety glasses on and he has an old chisel head that is broken. They are saying: "You should be protecting yourself, you stupid worker. You did not put your safety goggles on." Who is supposed to provide safety goggles? Who is supposed to provide tools in a proper state of repair so that workers do not get hurt?

There is another commercial. Watch the the two stupid workers putting up a vent. They are just using two ladders; they do not have a scaffold. Who the hell provides the scaffold? Who is responsible for health and safety? Every commercial put out by this phoney outfit is one that makes the workers look stupid.

It is usually the same people who are down before the compensation board and before the government of Ontario saying: "Our levy is too high. We have to cut the amount of money we get from industry because we are going broke. Our compensation rates are too high."

For every \$100 paid to a construction employee, \$27 goes to the compensation board. It should tell us something--something I have been trying to put across to this Legislature for 15 years. There is only one way we are going to do it. Every ad that runs makes the worker look as if he has created his own problems.

Mr. Ferraro: The brick on the head.

Mr. Martel: Yes, that one now. The worst one was the asbestos workers, with the guy lying there dying. If he had only known.

They do not want to give information to the Ministry of Labour. I just finished touring and interviewing 250 groups, and all the various accident prevention associations teach nothing to the workers.

Mr. Philip: That is right.

Mr. Martel: Nothing. It is to a few people in management.

If we were sincere, we would be trying to convey to management that it is to its advantage to reduce the number of accidents. The only way we are going to do it is by a meaningful health and safety board. Every industry belongs to one of these associations, and some of the industries out there do not want to change.

Inco, for example, came before my task force. In 1975, its accident rate was 13.8 for every 100 employees. In that year it decided, in conjunction with its union, that it would reduce that. Both the union and the company have worked hard at it. The accident rate is now down to 2.8 accidents for every 100 employees, and they have doubled their production.

10:50 a.m.

When one talks about health and safety, everybody says you are negative. I am saying there is only one way to go, and that is to reduce accidents. Industry cannot have it both ways. It cannot, through these nine associations, which say they are doing great things, see the accident rate go up by 24 per cent.

Let me tell you the best one. They are going to do an audit. I will quote from it, because I do not want to be wrong. I am told it is the first real audit since 1919. I know Mr. Archer tells me there has been a certain type of audit done, but I want to tell you, quite frankly, that their books have never been investigated--none of them.

They get \$31 million from the government through the Workers' Compensation Board. They argue that it is their money, but they know better. They have their own legal interpretation from Tilley, Carson and Findlay, which says it is public money. It is not their money and they can argue until hell freezes over. Tilley, Carson and Findlay say that. Paul Weiler says it is not their money, but they continue to argue that it is.

The law firm says: "Do not worry about an audit. It is not going to

reveal anything." I have that too. I have the stuff on them. In the general discussion at one of their annual meetings, which I am not supposed to have either, the lawyers said: "You have nothing to worry about. They have never done a full audit of us anyway."

The thing I find most frustrating about them is the audit they are going to do. I want to find it and quote it for my friends. Pages 8 and 9 name the terms of the audit that is going to be done. Remember that their mandate is to get health and safety across. They have never been audited, but there is an audit coming. It says that "it excludes an evaluation of whether programs are meeting their objectives." Can you imagine? We are finally going to get an audit, and it is not going to check into the one thing they are mandated to do.

We give them \$31 million a year. They run all these phoney commercials. Accident rates are going up, and we are not even going to look into whether their programs are successful. Those phoney accident prevention associations are a total boondoggle from beginning to end.

What infuriates me most is that while they get \$31.5 million, -organized labour got \$420,000 last year to try to teach health and safety to the workers. This year they are going to get \$1.7 million. These accident prevention guys have lawyers, doctors and everything.

We have to try to convince the compensation board that labour should get the same kind of money to set up workers' clinics across this province and to hire doctors and hygienists to do the testing to prove that workers' health is in jeopardy. They need enough money to teach the organized and unorganized how to use Bill 70 to protect themselves. These birds fight it every inch of the way and they have all the money. Now you are going to audit them and you are not even going to check whether their program is successful.

The Ministry of Labour's own Occupational Health and Safety Advisory Council report six years ago said we should look at whether it should be one committee--not nine. There are nine general secretaries and nine public relations guys.

You might like to look at a picture of what they believe is health and safety. Is that not wonderful? There is the old beggar, the public relations guy for the accident prevention association. He is teaching health and safety. He is putting a Band-Aid on this young lady's leg.

Mr. Ferraro: Do not show that to Susan Fish.

Mr. Martel: I showed it to some of my staff. They nearly went crazy. They thought that was the most sexist thing going.

That is how they use their money. These guys do not need just to be called in. There has to be a massive investigation of how they are blowing \$31 million. Last year one of their representatives went off to South Africa. Russ Ramsay told him he should not, but he was down there.

In the October 1985 issue of the Industrial Accident Prevention Association newsletter, Hugh Douglas, past president, 1977, of the IAPA, reports on his recent visit to South Africa. I have a copy of it attached if you want to see it. His report says the following:

"I can assure you that, without reservation, you have shown the light to 12 people who are committed to returning to Canada and the United States and

serving as positive, unofficial ambassadors for South Africa."

That is how we spend money? The whole thing is obscene. If you want to give them \$31 million, so be it, but I say it is time for organized labour to do the job of teaching and to provide for it the capacity to do the testing on substances that are killing people in the work place.

I remind you that Paul Weiler in his first report said there were more people dying and there will be more people sick from pesticides and illnesses in the work place than from injuries. We have to give assurance to labour, and that includes farmers and the whole schmear, because farmers are at the top. We had a bunch of farmers in during the compensation hearings last fall and they were totally committed. Somebody had told them that all the substances they work with are safe, and the farming community believes it. Quite frankly, it is a lot of bunk.

If you look at the accident rates for farmers and their families, they are near the top. What the hell are these associations about? I tell you it is a big boondoggle.

They had a convention. Their convention cost \$365,000 or thereabouts for one week here. They had wonderful topics. This is the brochure. Imagine somebody being able to put out a brochure such as that for a one-week convention--8,000 delegates. They had such wonderful things as Humour: An Effective Strategy for Success" as one of the topics. How to climb Mount Everest was another one.

Mr. Philip: But only doing it safely.

Mr. Martel: You have to do it safely.

Silica. Can you imagine? We have silica down as a designated substance and one of the topics was Silica: Safe or Sinister. This was in 1986 at the convention. What the hell is this outfit about? I will tell you. It is a boondoggle. They had Hazel McCallion there about the train disaster. The Mount Everest climb; that is wonderful. That is how we take money and blow it around the province, money that should be going to protect working people from injury and illness. That is what we have.

We do not want just to look at them. There has to be a major investigation of what these birds are doing. They are travelling all over the world. I do not know, but I am told they take their wives with them. I think there was one convention in Atlanta or Florida and 12 of them went, perhaps with their wives. I do not know. I cannot prove it, except my source says yes, paid for by the public purse.

Is that what we are using public funds for? There has to be a thorough investigation. I must say I have a whole suitcase full of this material. Something has to go. I get offended because in the last two weeks I have raised the deaths of five workers in the House. There has been a violation or two of the Occupational Health and Safety Act in every one of them. There are no prosecutions. They are all people who should still be alive.

God damn it, I do not know about you people, but when a worker gets killed needlessly, there is something wrong. When nine associations get \$31.5 million and organized labour and the working people get \$420,000 or \$1.7 million for 4.5 million workers, there is something sick. There is no balance there.

I hope we can look at these birds, find out why they do not think they have to give anything to anybody, find out why every ad they run makes the worker look like a donkey responsible for his own fatality. The deaths I raised last week, when I looked at them in the newspaper, the workers were wrong. Mr. Perron had reported the situation four times underground about the gate that ultimately killed him and was not repaired.

11 a.m.

I raised the case of the Canadian Union of Public Employees worker in Oshawa. Under the construction safety act, when you are backing up equipment, you have to have a flagman. There was no flagman and this 60-year-old gentleman was killed needlessly. If we are going to spend \$31 million, let us spend it educating and protecting people. That is all these birds are supposed to be about.

The Industrial Accident Prevention Association got \$14 million. It has 200 staff and it spends \$1 million on travel. I do not know whether they spend \$12,000 in memberships to the Armed Forces club down here. It is an intriguing thing and I am not suspicious.

Mr. Ferraro: Military.

Mr. Martel: The military, yes. In the report the Ontario Public Service Employees Union prepared yesterday, if you want to look where many of the inspectors come from, the tie-in is interesting. They come from the military. I have never been able to understand this. It took me a long time, but then I started to realize that you look there, you look at the association with the military down there, and I am wondering, "What has that got to do with occupational health and safety?" I am not saying you rule them out because they are from the military, but the tie-in is there.

Why in God's name are we taking \$12,000 to buy memberships in the military association? What has that got to do with health and safety anyway? Their mandate is education. They are spending \$45,000 to \$50,000 on legal fees. Why do they have \$50,000 in legal fees when their only mandate is educating? The whole thing stinks totally and completely.

By the way, they like me. They love me. I must say Mr. Findlay, who is the head of the IAPA, has categorized me at a recent meeting--I was not there but I have a contact inside, and they do not know it--as the professional village idiot. I do not mind being called that. I have been called worse than that.

Mr. Pope: You come from the city.

Mr. Martel: I have been called worse than that; so it does not bother me. They love me and I want to return the compliment.

Mr. Philip: That is the first time I have ever heard Sudbury called a village.

Mr. Martel: Anyway, we have to clean up that den. If we are going to spend that kind of money, we have to make sure it is going to protect workers and people. They are not doing their job or the accident rate would not be up 40,000 last year and 40,000 the year before. There is something sick going on out there. It is costing a lot of money and it is costing a lot of families a lot of problems. These guys are for the birds.

Mr. Chairman: It sounds as if you are in favour of this motion.

Mr. Martel: I will consider it.

Mr. Epp: I thought he was very ambivalent.

Mr. Chairman: Mr. Ferraro and Mr. Pope.

Mr. Ferraro: It is always a pleasure to--

Mr. Philip: I am sorry, I did not want to cut you off, but to facilitate things, I wonder whether I could amend my motion. Is that possible? Then you could speak to the total motion. Would you rather have an amendment later on? I have looked at Mr. Gillies's motions and I can easily amend mine to include them.

Mr. Chairman: Okay, so that we are still talking the same and everybody knows what is going to be on the table.

Mr. Philip: I would just add "and the Deputy Minister of Labour" after the word "board" in the second to the bottom line..

I further move that representatives of the administration of the Downsview rehabilitation centre appear to allow the committee to review its expenditures. This is the second paragraph, after the word "expenditures".

Essentially, I have taken Mr. Gillies's two motions and put them into the main motion. I think they are quite complementary and I have no problems with it.

Mr. Chairman: Mr. Gillies may comment when we get to the other motions.

Mr. Ferraro: May I say initially that it is always a pleasure to follow Mr. Martel because I find people's attention levels are much higher as a result. Having said that, I am not speaking to throw back some of the stones that have been hurled at my minister and/or the ministry. I think the minister can speak for himself and that he realizes there are some difficulties in his ministry, as there are in other ministries. As well, this is not a problem that began on May 2, 1985.

Having said that, I want to say personally I do not have any problems with the amendment proposed. I think it is incumbent on this committee to get the facts and, if necessary, to rout out the culprits if there are culprits wasting taxpayers' moneys and not doing the job they are supposed to be doing.

In that regard, incumbent upon this committee as well is that we have the bona fide facts. I am not disputing what my colleagues have said. However, I think it is important that when we deal with the matter, we deal with the matter from the standpoint of having the most up-to-date and current facts available in order to address the problems. In that regard, as we will be supporting the amendment of Mr. Gillies and the motion of Mr. Philip, I am hopeful that the other members of the committee will also deem it advisable and logical to support Mr. Epp's motion.

I am concerned. If I understood Mr. Martel correctly, he indicated that no audit had been performed on these particular associations. Mr. Archer, perhaps you can clarify that for me.

Mr. Archer: There is an annual financial audit done on each of these associations by public accounting firms. I think Mr. Martel's point was that they have not gone beyond the pure financial aspects of the audit and looked at what we term value for money.

Mr. Ferraro: I will conclude by saying this. I want to reiterate that there are a lot of serious concerns on the part of everybody on this committee. Many accusations have been made. In order to do the proper investigation, we need the most up-to-date and current facts. I am hopeful other members of the committee will support Mr. Epp's amendment in order to obtain those facts so that we can deal with the problem effectively.

Mr. Pope: I am happy to be able to say in this committee and to say publicly for the record some of the things that have been on my mind and have been spoken in other forums over the past six years that could not be reported.

I think there is a feeling on the part of employers and employees in this province that there are too many vested interests involved in accident prevention and occupational health and safety that are neither employee nor employer. They are vested interests and they are driving up the costs of the system. They have become self-serving. It is clearly time for a complete review of the matter.

I include the Downsview rehabilitation centre in that. The Downsview rehabilitation centre was my request to Mr. Gillies because it is beyond comprehension that the processes that go on there would continue today when there are so many other options available that are less expensive, equally as contributory to rehabilitation of workers and available in regional centres across this province.

Mr. Philip: And more civilized.

Mr. Pope: And more civilized. I can relate story after story. I have been a member for nine years. I have 3,700 workers' compensation files in my office. I have appeared on more than 600 compensation final appeals and I am nowhere close to the record. I know that. I have had widows come in.

In 1979, I remember standing in the Legislature and leaking the federal report on the incidence of lung cancer death in gold miners, the first time the report became public, and quizzing the Minister of Labour of the day about what we were going to do. We had another study and we had more studies. It is past the point of study. It is time we changed some of the vested opinions of the medical community and some of the vested interests in occupational health and safety that are neither employee nor employer.

We should bring in a brand new system that is more cost-efficient, more localized and more humane. Anything we as legislators can do to do that would be in line with the types of things I have been thinking of and speaking of for some time in a more private forum.

Mr. Chairman: I have no other speakers. Can we deal with the amendment?

11:10 a.m.

Mr. Gillies: I am sorry I have to keep running in and out, but we are worried about another rainstorm sending a couple of my constituents right

over the bank. I certainly could not state the case any more eloquently than either my friend from Sudbury East (Mr. Martel) or my colleague from Cochrane South (Mr. Pope). I have had as many dealings with the board as any--not as many as you, Elie--over the years, but certainly I have something in the order of 1,500 workers' compensation files in my office. Changes are needed. I fully subscribe to what my friend from Sudbury East said. If you want to reduce the cost of the system, one sure-fire way to do it is to reduce the number of incidents, reduce the number of accidents and reduce the number of people that have to access the system.

It is important that our committee, even if it is only in an initial way, get at this problem very quickly. For that reason, I will not be supporting Mr. Epp's motion in its current form. Rather than waiting for the auditor to review the operations of all these agencies and then perhaps our committee looking at it, I think it incumbent on us as a committee to get into this.

If, based on the cross-examination of witnesses when they appear before us, we want to press ahead with a full audit of each and every association, then so be it. In fairness to the auditor, for a full and comprehensive audit to be done of all of these associations, when you remember that many of them are broken down regionally and locally, to get into all of their books and do a proper job of it is not, my colleagues, going to be done in a week or two. To do it properly is going to take some time, and I think we would want it done properly.

While I subscribe to the intent of your motion, Herb, in that we want to look at this properly, I do not want to see us delay the hearing pending a full audit. I would rather that we get on with the hearing and do an audit. I cannot support your amendment the way it is worded, although I hope you understand that I fully subscribe to the intent of a full and proper audit in due course.

Mr. Chairman: Can I get to the motions? Let us not go back over old ground but deal specifically with the motions, and if you want to, speak up.

Mr. Martel: I have been in touch with the auditor. I wrote Mr. Archer to try to find out what was going on and he has indicated to me, in a letter I received yesterday, that he is considering looking at a couple of these this coming year, I think it is.

Mr. Archer: Yes.

Mr. Martel: So, Herb, your concern about having the auditor look into it is being addressed by the auditor himself. He has indicated to me--I should have brought the letter down; I apologize for that--that he was considering looking at a couple of them this year. He does not do an audit of the whole thing as is the case with ministries. They are selective of what they do. I decided to throw that in to let you know that your concern is already being addressed by the auditor himself.

Mr. Philip: If we are speaking on the amendment, I will be voting against Mr. Epp's amendment. I will be voting against it for two reasons. The first reason is that travelling with Elie and hearing some of the horror stories around this province, I am convinced we have to act as quickly as possible. If we accept Mr. Epp's amendment, what we do then is put off any kind of meaningful hearings on this until probably the fall.

To me, every person who loses a digit or who loses an eye or who loses his life as a result of the millions of dollars that are being squandered and as a result of the lack of meaningful activity is a tremendous loss. I used to think that somehow farmers were unique. When I worked for the Ontario Federation of Agriculture, I would go to shake hands with somebody, particularly in southwestern Ontario, and suddenly find out that the left hand came out because the right hand was not there.

I used to wonder about the Farm Safety Association at that time. Now, as a result of Elie's helping to educate me by bringing me around with him on some of these things, and as a result of seeing some of the tremendous waste in the workers' compensation cases I have handled--I have some 250 to 300 active at the moment and I am sure a number of members have similar case loads--I do not want to waste any more time on this.

Some of the questions we will do will give the auditor some clues that may assist him. That does not prevent him from bringing back his report and us from having a second go at them after the report is in, but we are talking about people's lives and people's futures and people's pain. We should not vote for this now, even though the intent of the motion will be carried out by the Provincial Auditor anyway.

Mr. Chairman: Can we deal with the motion? Mr. Epp should certainly be allowed to speak. You all have it in front of you.

Mr. Epp: Mr. Chairman, I want you and the members to understand that my motion is not in any way intended to delay matters. We are as much concerned about the issues the various members have raised in this committee as anyone else. The fact is that we feel we should go on the basis of the information the auditor establishes for us.

Mr. Martel has mentioned the fact that the auditor is considering a few audits himself. I thought it might be possible for him to do all nine of them, but the auditor can speak for himself. I gather from the fact that he does not do all the ministries that maybe he cannot do all of them. He picks those that are the most prominent and the ones where information has been given to him that the money has been used in a most inappropriate way in the past. He will pick his the way he wants to pick them.

The other point is that his regular report does not come out until some time later, and if he were to be given the instruction by this committee to do it as quickly as possible, we might get that information within a few months, as opposed to waiting for his regular report which might be next spring.

Mr. Archer: The annual report comes out in November each year, but we will not be able to do the audit and report back until November 1987. Our normal plan is to do one or two audits in conjunction with the year ended December 1986 for the Workers' Compensation Board. They will then get into our November 1987 annual report.

Mr. Ferraro: Do you have any compilation of facts and/or statistics available to you now or that you can get in a very short period of time to provide me, if no one else, with some necessary facts that could be the foundation for questions and investigations?

Mr. Archer: We could pursue individual questions or points of interest the committee members have. From what I have heard this morning, the committee has a pretty far-ranging concern. The answers could only be forthcoming from an in-depth audit.

Mr. Ferraro: Essentially, what we are going to have to deal with through you, Mr. Chairman, is the annual reports of the safety associations and make our conclusions and questions on that basis.

Mr. Archer: We can get copies of the annual statements and annual reports. Mr. Martel probably has them all.

Mr. Martel: I have them all.

Mr. Philip: We also can get copies of Mr. Martel's suitcase.

11:20 a.m.

Mr. Epp: My concern, and I would like some direction on this: I know the auditor has certain resources available to him and says he will do up to a 1986 audit for 1987. Is there any way of expediting that to do it up to 1985 or July 1, 1986, by September this year or earlier, if possible? I wonder, first, whether that is possible, and if it is possible, whether it is probable, given the committee's instructions to the auditor. I am searching for answers to this.

Mr. Chairman: Fair enough. Perhaps the auditor could comment. If the committee directed what I agree appears to be a far-reaching and in-depth audit of one or all the associations, what does that do to your resources? What kind of response can you have?

Mr. Archer: We could initiate the review I mentioned in a letter to Mr. Martel in the very near future. If we only looked at one of the organizations, we could probably have our review finalized and a report ready by the fall.

In that case, all I would need would be a directive from the committee to table that report then rather than wait until the normal annual report time. That is if the committee so desires. If not, we would schedule our audits in the normal fashion, in which case we probably would not be reviewing whichever association we chose until the later part of 1986 and it would not get into the 1987 annual report.

Mr. Epp: I want to go ahead with my amendment and see what happens to it. If it does not pass, I will ask the committee to ask the auditor to do an in-depth study of at least one safety association.

Mr. Chairman: Are you ready for the question?

Mr. Philip: Why do you not withdraw your first amendment, which is going to be lost anyway, and move your other one? Then we will have unanimous consent on the motion.

Mr. Martel: Will you put the IAPA as the association you want audited?

Mr. Epp: I will be glad to, if that is the one the members feel is most obnoxious.

Mr. Martel: It has the most amount of money; it gets \$14 million.

Mr. Epp: Yes, I know.

Mr. Ferraro: Is that the brick-on-the-head one?

Mr. Philip: If Herb so wishes, he can add to the motion--

Mr. Epp: Reality being the case, given that it will not get the support of this committee, I am prepared to withdraw my original motion and give notice that I will put a motion before the committee that the auditor immediately proceed to audit one of the safety organizations.

Mr. Ferraro: Why do we not give the auditor three and let him pick?

Mr. Martel: No, I want the IAPA. I want them to know they are being audited.

Mr. Philip: If it makes it easier, on the suggestion of Mr. Epp, I will simply add to the bottom of my first motion, "Furthermore, that the Provincial Auditor be requested to do a comprehensive audit of the Industrial Accident Prevention Association as soon as possible and prepare a special report to the committee on that audit."

Mr. Chairman: Could you add to that, "in addition to"?

Mr. Philip: "In addition to ongoing audits that he is conducting on other safety associations."

Would you like me to read the whole motion now so we have on the record exactly what we are doing, as changed, with all these friendly amendments?

Mr. Chairman: Certainly.

Whereas under section 84 of the Workers' Compensation Act, the Provincial Auditor has authority to audit the accounts of the Workers' Compensation Board, including those accounts that are granted to safety associations, Mr. Philip moves that the chairman of each of the safety associations receiving funds from the Workers' Compensation Board, the chairman of the Workers' Compensation Board and the Deputy Minister of Labour be called before this committee to answer questions concerning their expenditures.

He further moves that representatives of the administration of the Downsview Rehabilitation Centre be asked to appear in order to allow the committee to review its expenditures.

He further moves that in addition to the ongoing audits that the Provincial Auditor is conducting at present on some of the safety associations, the auditor conduct a comprehensive audit on the Industrial Accident Prevention Association and that he publish and report back the results of that audit to the committee as early as possible.

Mr. Epp: With respect to the IAPA, you are not limiting it to that, but to any other audits that the auditor may--

Mr. Philip: Yes, that is what the motion says. We are naming the IAPA as the subject of the special report.

Mr. Chairman: All in favour?

Motion agreed to.

ORGANIZATION

Mr. Chairman: Moving to item 3, discussion of outstanding business, we will include the two motions that have been passed today. On the second motion particularly but also on the first, we have a fair bit of research. Helen has kept us up to date and is on top of the first motion, but on the motion we have just passed, if you get into timing, the researcher will need to know what we expect of her and how much time will be dictated.

Mr. Philip: We have enough in Mr. Martel's suitcase alone not to demand a lot of research on the first inquiry. We need to have these people in front of us and ask them what they are doing and what they are spending. We have quite a lot of information--at least our party does--on their operations.

Mr. Epp: I suggest we do need some background.

Mr. Ferraro: We do have three parties here.

Mr. Philip: We are quite willing to share our information with all three parties, so you can ask questions and look good too. I give Mr. Gillies some of his best questions and he gives me some of mine. Government is wonderful.

Mr. Epp: Is this a new accord? The Mutt and Jeff show or something?

Mr. Chairman: You are talking about bringing in nine people, plus the deputy minister, plus the Downsview Rehabilitation Centre. That motion involves a significant number of people and probably a significant number of meetings. We also have the other motion on the UTDC, plus any of the other items on the memorandum dated May 5 that were sent out.

Mr. Ferraro: The only way you can do it is ask the research department to get what is available and what they feel is pertinent. You do not have to get anything moved. I have the utmost faith in the clerk's department providing the members with the pertinent data.

Mr. Chairman: Let me phrase it another way. Do you want to leave it to the steering committee to set the agenda for the committee for the next little while? That takes care of item 3.

Item 4 is the timing of the committee report on the 1984 and 1985 Provincial Auditor's reports.

Mr. Philip: May I go to item 2 on the memorandum with one question? The clerk was to write to the officials of the domed stadium about the status of the extra corporations coming into the consortium. I understand from talking to you, Mr. Chairman, that you have not received a reply to the letter you wrote.

Mr. Chairman: We sent that two and a half weeks ago.

Mr. Philip: Could you write and say that the members of the committee have expressed concern and they do wish a reply to your letter?

Mr. Chairman: Yes.

Mr. Philip: Is that agreeable?

Mr. Chairman: We can follow up with a second letter, but something has arrived, the memorandum of understanding between the Stadium Corp. of Ontario Ltd. and the Treasurer of Ontario. We will pass that out.

This report, so we do not get into overlap, should be completed by when?

Ms. Fritz: Are you talking about the annual committee report?

Mr. Chairman: Our annual report.

Ms. Fritz: All that has to be worked out is that you finish reviewing all the sections of the 1985 auditor's report so that can go into the year-end report of the committee. You have to pursue outstanding business on the 1985 auditor's report.

Mr. Chairman: Or not pursue it.

Ms. Fritz: Or not pursue it, but that has to be decided.

Mr. Gillies: Are the outstanding items those that are listed on this sheet that was just given to us?

Mr. Chairman: Yes.

Mr. Gillies: So we have to decide which, if any, of these we want to address before the annual report.

Mr. Chairman: Yes.

Ms. Fritz: Whether to do that in the spring or whether you want to do that in the fall and go on with the other things that have come up for the time being.

Mr. Chairman: Do you want to leave that to the steering committee as well?

Mr. Philip: Why do we not schedule one item for next week? We are going to have to give these safety people some time, and since members wish Helen to gather some general information on the safety associations, why do we not just go on with the schedule for next week? Can we combine items 4 and 5, or is that too much?

Mr. Archer: I think so. You will want to do 5 by itself and probably 4 as well. Item 5 has two parts to it.

Mr. Philip: Why do we not do 5 next week?

Mr. Chairman: Let us go into the steering committee right now.

The committee adjourned at 11:32 a.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

GOVERNMENT PROPERTY
ANNUAL REPORTS, PROVINCIAL AUDITOR, 1983-84 AND 1984-85
ORGANIZATION

THURSDAY, MAY 29, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Harris, M. D. (Nipissing PC)

VICE-CHAIRMAN: Runciman, R. W. (Leeds PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gillies, P. A. (Brantford PC)

Gordon, J. K. (Sudbury PC)

Philip, E. T. (Etobicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitution:

Yakabuski, P. J. (Renfrew South PC) for Mr. Gordon

Clerk: Arnott, D.

Clerk pro tem: Mellor, L.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Ministry of Government Services:

Raymond, G. J. M., Deputy Minister

Pencak, L., Assistant Deputy Minister, Accommodation

Lowry, R. W., Director, Planning Branch, Accommodation

From the Office of the Provincial Auditor:

Archer, D. F., Provincial Auditor

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, May 29, 1986

The committee met at 10:13 a.m. in room 151.

GOVERNMENT PROPERTY

The Vice-Chairman: We have waited long enough. I call the committee to order.

Mr. Philip moves as follows:

"It is obvious from the evidence that I have presented since 1981, copies of which I am supplying to the public accounts committee and the Provincial Auditor, and from the recent special investigation by Gerry McAuliffe of CBC Radio and from various sections in the 1985 auditor's report that there have been major problems in the management of government property by the Ministry of Government Services, the Ministry of the Attorney General and the Ministry of Housing.

"I therefore move that the Provincial Auditor review the reports of Mr. McAuliffe and the issues raised in the attached materials, which I am supplying, and report back to the public accounts committee by September 1986, if possible, or in his next annual report to be tabled in November 1986.

"In the event that the auditor can complete a report by September 1986, I move that the committee schedule hearings to deal with that report at that time.

"In the event that these matters cannot be reported before the release of the 1986 auditor's report, I move that the committee set aside whatever time is necessary during the Christmas recess to hold a full investigation into these matters and the deputy ministers of the Ministry of Government Services, the Ministry of the Attorney General and the Ministry of Housing be called as witnesses along with other appropriate civil servants. The committee may also choose to hear evidence from other interested parties such as lawyers practising in the courts, court administrators, real estate agents, etc."

Mr. Philip: Since 1981, I have documented and put on the record numerous instances of what I can call only the mismanagement of government properties by the Ministry of Government Services in particular, but indirectly by other ministries. I have supplied that information to the last minister, the latest minister and the present incumbent minister who refused to investigate a number of my allegations, despite extensive details which I provided on the record, even though these were very specific and detailed and should be either substantiated or refuted.

We have had examples of office space and furniture purchased without tendering. We have had examples of buildings sold while the government is running advertisements to rent property in the same areas. We have had examples of a certain ministry moving into Rolls Royce quarters at a time when we had an austerity program on.

The new minister has announced an inventory of office space available

under the present government, and while we applaud that, there are still those problems and the question of who is responsible. I would like to supply to the Provincial Auditor a copy of Mr. McAuliffe's CBC reports. I also have a summary of the key points, and a complete transcript can be obtained from the CBC.

To highlight a few of the problems Mr. McAuliffe has pointed out--and I will not go through them all because I recognize I am supposed to give only a five-minute statement--victims of rape and sexual assault are often kept in a tiny room in the St. Thomas-Elgin County courthouse with their attackers for hours, usually without police protection, while waiting to testify in court.

The new courthouse in St. Catharines is three years old. It cost about \$20 million, and it can only be called a monument to bureaucratic bungling. A public inspection panel in 1984 found 51 major design and construction deficiencies including the following: heating does not work in winter; air-conditioning does not work in summer; no air circulation at any time; the public cafeteria has no sinks or water; the land titles office has a ladies' washroom but no men's washroom; the employee cafeteria has no sink either; no furniture in rooms for witnesses or in rooms for lawyers to interview clients; elaborate security systems to take prisoners from the garage to holding cells, but the police van will not fit into the garage because the roof was built too low; courthouse employees who have the kind of cars I have, or drive large cars, cannot fit in to take advantage of the 100 spaces available to the employees.

If we go to a Hamilton court, prisoners must pass within two feet of the judge when entering and leaving the courtroom, and this resulted in one judge being mugged as he sat at his dais. In the Hamilton management of the provincial courts we have courts in three different locations. People are often summoned to court at one address only to find out that their case was being held at another.

This would be extremely funny if it were not so ludicrous. In the Hamilton-Wentworth region, the judge orders a fine of \$350 to \$500 but there is no place for the guilty to pay. They have to go from Dundas to Main Street in Hamilton to pay, but they cannot pay that day because Main Street will not have received the papers from Dundas. At one other location, not only do the telephones not work but also if a judge imposes a fine, there is no official there to collect the money.

The Tillsonburg court is one of the more interesting ones. The court is held in a combined bar and dance hall, and you can get six beers at night and six months in jail for drinking those beers in the courtroom, assuming that the coroner is not handling your situation the next morning after drinking the beers.

10:20 a.m.

In another courthouse we have a situation where there is a place for the judges and the lawyers to robe and disrobe, but no curtains have been purchased. The whole world can view their robing and disrobing, as the case may be.

You could not write a scenario for Boss Hogg that would give you more material than this stuff I am supplying to the Provincial Auditor. We have many important matters before us, and I do not think we should deal with this ourselves before the Provincial Auditor goes and investigates all these

allegations. I would ask that he look into each of them. That is what my motion moves.

I thank members of the committee for their indulgence. If you would like all my personal notes, I would be happy to supply everything I have on this matter.

Mr. Epp: I am sure when this motion comes before the committee, you are not going to find any opposition from this side of the House. It is important when the Provincial Auditor looks at these things that he also look at the personnel, the people who are responsible. Let us make sure, if the heads roll, that they do not roll uphill--

The Vice-Chairman: I agree.

Mr. Epp: --with respect to the responsibility for these disastrous expenditures of money. I find too often that people get promoted for making the big mistakes. I hope to heck that the government has dealt with the personnel who are responsible if, in fact, it is substantiated that these things have occurred.

The Vice-Chairman: The motion will be dealt with at our next meeting.

We will move on to our regular agenda. Appearing before us this morning are the Deputy Minister of Government Services, Mr. Raymond; Lon Pencak, the Assistant Deputy Minister for accommodation; and Joe Silver, executive director of finance in administrative services. Perhaps the deputy would like to begin with some opening comments.

ANNUAL REPORTS, PROVINCIAL AUDITOR, 1983-84 AND 1984-85

Mr. Raymond: I do have very brief comments to make at the outset, just to say that the annual reports of the Provincial Auditor for 1983-84 and 1984-85 recognized the scope, the scale and the complexity of planning for and managing the province's real estate portfolio. You will be well aware of the fact that it contains more than 47 million square feet of space in more than 9,000 buildings and 3.5 million acres of land in 3,500 separate properties. It is spread right across the entire province.

It is important to note that all this real estate only exists to support the activities of ministries delivering programs to the public. Many of these facilities are unique while others are similar to those found in the private sector. Indeed, although we are both the largest landlord and the largest tenant in Ontario, we are only part of a very vibrant and competitive real estate industry.

The 1984 report focused on our repair, operation and maintenance activities. Many of these comments were valid and we have taken action to seek improvement in these areas. As noted in the addendum section of the Provincial Auditor's annual report for the year ended March 31, 1985, the Ministry of Government Services has substantially implemented suggested corrective actions and recommendations arising from the audit of the ROM activity in 1984. New district management by results criteria for operational performance have been developed and are being implemented. Formal operation and maintenance agreements with client ministries have been reviewed to clarify the accountability requirements, and all agreements are now being finalized.

Our ongoing preventive maintenance activities are being refined through

the development of a comprehensive computerized system to monitor and schedule the maze of the thousands of mechanical devices right across the province. In consultation with our clients, generic standards are being developed for janitorial and security contracts in government buildings to assist us in monitoring the performance of these services.

Although we endeavour to compare our standards and performance to the private sector industry, where that is possible, we often find that there are no comparables. Our activities are in many ways unique. Our portfolio includes jails, courthouses, psychiatric hospitals, correctional institutions, historic forts, houses, offices and farm land.

In the 1985 report, the audit team again noted the scope and diversity of our activities. It recognized the difficult role the Ministry of Government Services must play in responding to the requests of our occupant ministries within the policies, the procedures and the guidelines established by Management Board of Cabinet.

The auditor pointed out that many of the events noted are outside the current MGS mandate. The audit offered an opportunity for the procedures and evaluation criteria which are under development to be reviewed, and particular attention was given to the series of local accommodation reviews initiated and carried out through the filing branch. These reviews provide information not previously available to allow opportunities to be identified for optimizing our valuable real property assets.

To clarify accountability requirements in our real property activities, we are at present participating in a number of initiatives with our colleagues in the Management Board secretariat. That is to clarify and reinforce the various accountability requirements within MGS's own mandate or within the board's own mandate or, indeed, within the client ministry's own mandate. In refining the mandate and operations of our ministry, we have sought and are seeking advice from representative committees from both our client ministries and the private sector.

As the chairman indicated at the outset, I have with me Mr. Pencak and Mr. Silver, as well as other officials. We will gladly respond to your questions.

The Vice-Chairman: Thank you. I seek the advice of the committee. We have the two matters before us, one with the 1984 report and one with the 1985 report. It might be more appropriate if we dealt with the 1985 comments initially, and if time remains, we can go into the 1984 report.

Mr. Wildman: Agreed.

The Vice-Chairman: Are there questions from members of the committee?

Mr. Philip: The auditor recommended that the requirements of Management Board be clarified and appropriate changes be made in the Ontario Manual of Administration. I am wondering whether you can bring us up to date on what changes have been made in that regard to date.

Mr. Raymond: A number of changes are currently under consideration. A few changes have already taken place. They deal mainly with our leasing policy. We now propose to advertise all new leases outside Metropolitan Toronto for 2,000 square feet or more. Within the city limits of Metro Toronto per se, we are looking at the figure of 5,000 square feet. That would allow us to use public tenders in every instance, except under special circumstances.

I am not in a position to give you all the details of these other policies that are now under consideration, but I can give you the assurance that in the last short while I have attended meetings with officials within the Management Board secretariat. We have jointly established a committee, and we are looking at what we like to call the accountability framework, as I indicated in my opening remarks, with a view of clarifying what MGS is clearly responsible for, under what procedures and guidelines as established by the board and what is the responsibility of the client ministries.

I am relatively new to MGS, but I am told that we now document in a more detailed way than we used to our agreements with client ministries on what they can do after having sought and obtained MGS's approval.

10:30 a.m.

Mr. Philip: There is this back and forth among Management Board, the Ministry of Government Services and the individual ministries. Just because you advertise does not mean that somebody is not going to go out and advertise for a Cadillac when he should be advertising for a Ford.

What kinds of controls do you have to ensure we do not have certain people for whatever reason--ego trips, status or sheer luxury and convenience for themselves--renting office space that is inappropriate, considering that it is coming out of the public purse?

Mr. Raymond: At present, the responsibility for the program requirements is clearly that of the client, which is the ministry. When a ministry goes to Management Board to seek approval for new programs, the Ministry of Government Services files with the board what we call a profile report. We offer comments to Management Board on whether we think the physical requirements or the space requirements are justified and adequate. What are the options? We look at various options; lease-purchase, outright construction and consolidation opportunities. I am sure numerous examples could be provided by my colleagues at the table, if you want.

Mr. Philip: You still have not answered my question. No, I guess you have answered it. You said that if the ministry wants to order a Cadillac, then you have no control over that. We have examples of the ministries of Housing or Energy moving into luxurious quarters with carpeting costing \$200 a square foot, if that is what the minister designates he wants. There would be very little control over that, either from Management Board or from Government Services. Is that what you are telling us?

Mr. Raymond: An analysis is done of the amount of space that is needed. The space analysis that is done by the Ministry of Government Services is filed with the board. As to the furniture, that is not the responsibility of the Ministry of Government Services; that is clearly the client's responsibility. As I understand the system, and I stand to be corrected, we do not include in our estimates and in our own funds the money required for furniture and such.

Mr. Philip: Part of the lease contract will often contain what the landlord is going to do to fix up the space according to the specifications of the client ministry. That can make a heck of a difference in the rent that is charged. It can make a heck of a difference to whose responsibility it is, whether the client ministry or the landlord. Some of these ministries have pulled out walls and put in new carpeting and very expensive furnishings. I hear you saying that neither Management Board nor Government Services has any responsibility for that.

Mr. Kaymond: Leasehold improvements form part of the terms of the lease and in that respect are the responsibility of the Ministry of Government Services. They are only agreed to through mutual discussions or agreement between the Ministry of Government Services and the client. As to furniture, you are quite right.

Mr. Philip: What does that mean? Does that mean you can say no?

Mr. Raymond: It means we insist on a business case being made for each transaction, and are doing so more now than we have ever done in the past.

Mr. Pencak: One of the controls is that we tender leases. We describe an area and it is competitive. The leasehold improvements--the so-called LHI, or the internal arrangements--are part of the competitive process. We review a lease. It is competitive and comparable to other leases. In our ads, we simply ask for so much space in a given location. These days the location is usually fairly broad, maybe the Yonge Street corridor. The competitiveness of the leases ensures you are not getting a Cadillac.

Mr. Philip: But if I am the owner of a building and know that the Minister of Housing (Mr. Curling) is going to rent my building on a 10-year basis and in so doing, the government is going to put \$5 million worth of improvements into it at its own expense to bring it up to what it considers its requirements, then I can underbid the market fairly easily because the government is obviously improving my building.

Mr. Pencak: Part of the competitive process includes the entire lease consideration, so the so-called leasehold improvements are part of the bid of the landlord. With some landlords, you may have a more costly rental but you may also have a much bigger LHI allowance. Conversely, you may have a slight difference in area when you compare the overall cost.

In the past we were able to manage and provide the lease for the allowances which are part of the overall lease proposals so it is part of the landlord's cost, or landlord's submission, if you like.

Mr. Philip: How can it be part of the cost when there are numerous examples where you have gone into buildings and put in millions of dollars after the lease was costed that were never in the original agreement?

What old building was the government trying to sell recently that I gave details of in the Legislature? The government spent millions of dollars and then decided to sell it.

Mr. Pencak: That is a government-owned building you are talking about.

Mr. Philip: If you are talking about comparing things, I am saying you have not compared them adequately. Until recently you did not even know what properties you owned. At least under the new ministry you will have some inventory. You could not, on any one day, provide a complete list of the space available in a particular area.

Mr. Pencak: The Ministry of Government Services, as opposed to the Ontario government as a whole, had an inventory. It had the so-called accommodation management information system, which is an inventory system, a data system, of our properties and locations, whether leased or owned.

We provided that for some years but, as I say, it is limited to the Ministry of Government Services properties rather than Ontario government properties.

Mr. Philip: Then how do you explain the consolidation of the various ministries in Hamilton, resulting in premises remaining vacant for up to three years at an estimated cost of \$585,000? If your inventory is so good, how does that kind of error happen?

Mr. Pencak: I will ask Mr. Rob Lowry, the director of our planning branch, to give you the details on that, which we have here.

Mr. Lowry: In the response to the annual report the ministry noted that the decision to construct the Ontario government building in Hamilton, later named the Ellen Fairclough Building, derived from the operational benefits that would accrue from consolidation, as well as the opportunity to optimize the province's investment in the construction of the Hamilton Convention Centre.

The Hamilton consolidation affected several ministries and many different locations. Occupancy of the completed building was staged to coincide with the construction schedule and the availability of finished space within the new facility.

The audit team indicated there were 10 leases which were under consideration. Six were terminated within four months of being vacated. Two of these leases were extended two and three months respectively when the planned relocation was delayed due to the new space not being finished. In these two cases, the relocations were scheduled to coincide within weeks of the leases being terminated.

Three other leases remained vacant for nine, 13 and 21 months respectively. In all cases, the Ministry of Government Services attempted to terminate those leases, sublet or find other government uses without success. The total cost of carrying these three leases to their expiry dates was approximately \$119,000.

10:40 a.m.

Our review of the 10 leases identified by the audit team indicates a net carrying cost of less than \$380,000, substantially less than the \$585,000 reported. I have details with me on each one of those leases.

More than half the cost can be attributed to space vacated in the county courthouse and subsequently allocated to the Ministry of the Attorney General. That space was in the county courthouse. It was not available for other provincial uses, and it was not space we could terminate easily.

Mr. Philip: How do you answer the charge by the auditor that under the present relationships there is very little incentive for ministries to declare surplus space and that, in some instances, uneconomical costs have occurred? How do you deal with that argument?

Mr. Raymond: That is a criticism we accept. This is one of the issues our colleagues are addressing to the boards at present. I think there is recognition on the part of the auditor and his team that there is now an incentive in one area. It is a cost avoidance incentive where we pay when we can save the client money and where we can accommodate his needs. We pick up the full tab.

We are looking at other similar strategies with a view to making the clients more accountable and perhaps extending to them additional incentives that would entice them to operate in a businesslike manner, which we are promoting.

Mr. Philip: What is the incentive to rent out the vacant space? In the Hamilton case, what was specifically done with the 790 square metres that remained vacant for approximately three years? Why was that not rented out?

Mr. Lowry: I believe that the 790 square metres to which you are referring, Mr. Philip, are not in Hamilton but in Sault Ste. Marie.

Mr. Philip: Is that correct?

Mr. Raymond: That is part of the Ministry of Natural Resources hangar in Sault Ste. Marie.

Mr. Philip: Oh, I am sorry. What was done in Sault Ste. Marie, then, to rent that out?

Mr. Lowry: Perhaps I might take a minute to describe the process followed in space being allocated and declared surplus.

When a ministry identifies a program need for accommodation, that requirement comes to the Ministry of Government Services. It is analysed in terms of the space standards contained in the Manual of Administration. If we have space available for allocation which meets those needs, we attempt to use it wherever possible.

The space that is on our inventory and available for allocation is space which ministries have declared surplus to us--that is, it no longer meets their program needs, or they see no future need for it.

At present, less than one per cent of our inventory is available for reallocation. Many of those pockets are very small, are located in buildings with restricted uses, and in many cases do not satisfy the requirements of the ministries.

Mr. Philip: Are you telling me attempts are being made to rent out every vacant space that could conceivably have any market value?

Mr. Lowry: Where space has been declared surplus to MGS and we foresee no government use, or where there is a possibility that we can reduce the cost of carrying that space, we attempt to either terminate the lease on the space--if it is a leased space, we can terminate all or part of the lease--or sublet it to the private sector. Indeed, the financial return from leasing space, which includes both space within buildings and property, generates several million dollars to the consolidated revenue fund each year.

Mr. Philip: If that is the case, why was the minister unable or unwilling to provide information on those instances which I have documented over the last few years--where you have actually walked away from leases, giving a potential windfall profit to the original landlord while not even attempting to rent out the spaces?

Mr. Raymond: I think that question was put to the minister in the course of our last estimates. I refer you to the official record of that.

Mr. Philip: The official record is that she was not going to go on a witch hunt of the previous government. That is essentially what she said.

Mr. Raymond: I think she indicated there was a convention in place between the outgoing and incoming governments. In some instances, she did not have access to those very documents.

Mr. Philip: But you had access, did you not? You personally knew what was going on.

Mr. Raymond: I want you to know that I am relatively new in the Ministry of Government Services. To be frank about, I have not had time to give you all of the thoughts.

Mr. Pencak: If I can be bold, I am not that new to the MGS operations. I cannot think of any instances, Mr. Philip, where we knowingly had a space and simply walked away from it.

Mr. Philip: If that is the case, why have you constantly refused to provide the documents for which I have asked since 1981?

Mr. Pencak: We have had no requests to provide documents. If the minister chose not to, that is another matter. I cannot answer it.

Mr. Philip: I asked in the Legislature and the ministry did not provide them. Are you telling me the minister told you not to make public the information for which I asked?

Mr. Pencak: No, I am not saying that. I am simply saying no request came to us to provide information in any instances, from you directly--

Mr. Philip: Perhaps if you would read the Hansards you would see where information I requested was not forthcoming. Either the minister has refused by simply not taking any action--we are playing word games. The fact is there has been a massive coverup at the Ministry of Government Services and I think the Provincial Auditor should get to the bottom of it.

Mr. Wildman: With regard to so-called surplus space, you mention Sault Ste. Marie and the example of the hangar. Obviously it is the responsibility of the Ministry of Government Services to get an adequate return for the taxpayers if there is not a government need for that kind of space and to ensure, if possible, that it is not just left vacant as a cost to the taxpayers. On the other hand, in communities undergoing serious economic dislocation, does the ministry or the government have any policy with regard to using space surplus to the government's needs as a way of attempting to stimulate economic development of the community?

Mr. Raymond: In recent months within MGS, we have proposed a new portfolio management strategy. We recognize our role is not only to provide accommodation to client ministries and the delivery of their programs, but also to work in close consultation with the local councils and communities to seek to meet social and economic needs through whatever assets we may own in that given community. That is very much a part of what we want to do.

As far as the reference to the space in Sault Ste. Marie is concerned, MGS does not have total control over the space. It must be recognized that the Ministry of Natural Resources, which is responsible for the program, must determine its future program requirements before MGS can dispose of that space.

Mr. Wildman: Later when I have the floor, I am going to ask specific questions about MNR space in specific locations. That is one of the matters raised in the auditor's report and your relationship with other ministries in terms of dealing with this kind of problem. I would like to clear that up.

Mr. Epp: Mr. Raymond, I appreciate you are new in the position. For the benefit of the committee, can you let us know where you were before you became deputy minister of MGS and what experience you have in management of properties and so forth.

Mr. Raymond: I do not know how far back you want me to go. I am having a birthday today.

Mr. Epp: Happy Birthday. I am sure you are no older than 29.

10:50 p.m.

Mr. Raymond: Immediately prior coming to MGS, I was the Deputy Minister of Health. Prior to that, I was deputy minister in the Ministry of the Environment. My first assignment as a deputy minister was that of Deputy Provincial Secretary for Resources Development. I am an educator by training. I was a secondary school principal and superintendent for a number of years. I came to Toronto on a secondment basis for two years, 14 years ago.

My direct involvement with the construction business is only indirect in the sense that as a superintendent of schools and as a secondary school principal, I was actively involved in construction of a number of secondary schools in the province. In the Ministry of the Environment, we had numerous contracts that we oversaw for local municipalities or that we administered directly. In the Ministry of Health, it was mainly by way of transfer payments that we dealt with the construction portfolio.

Mr. Epp: Thank you. I have a few questions. When we are dealing with vacant space not declared vacant by other ministries, to what extent does MGS try to encourage other ministries to have their vacant space declared vacant so it can deal with it on an economic basis?

Mr. Raymond: There is a recent development that precedes me at MGS; that is, where we have program executives, we have started to second our people as opposed to having them physically located within our facilities. We have the MGS person known as the program executive attached to the client ministry. We have done so for the Ministry of the Attorney General and I think we have done it in a couple of other instances. We are in the process of expanding that practice. Therefore, there is an MGS presence within the client ministry's organization.

On actual control of the surplus space, the auditor has pointed out, and rightly so, that MGS is not in a position at present to exercise any control over space that has not been declared surplus to the client's needs. That is one of the issues that we propose to address and that we are addressing within the accountability framework we are reviewing with Management Board. There is no direct control on the part of MGS on space that has not been declared surplus.

Mr. Epp: The problem is that there may be three floors vacant or a building vacant somewhere, and the minister is not aware that space is vacant. Somebody is holding it for future use. That future use might be five or 10 years down the road. As indicated by the auditor's report, some of that space

has been vacant for at least three years and probably longer. Ultimately, the politicians are responsible. To what extent are the politicians being informed of vacant space that has not been declared vacant?

Mr. Raymond: Under the provisions of the Manual of Administration at present, there is a requirement on the part of each deputy minister to file an annual report with Management Board on the utilization of its space, including declaring space that is not needed for its program needs officially turned over to MGS in a sense.

Mr. Epp: There is a requirement under the manual.

Mr. Raymond: There is a requirement under the manual. That is one of the requirements we are examining with a view to strengthening or refining the process so that MGS is in a better position to know what is available. Again, as Mr. Lowry pointed out earlier, the vacancy rate is well under one per cent. I think that applies to Metro Toronto only. I do not know what the vacancy rate is across the province.

I am told that is considered to be extremely tight in the private sector, tight to the point where we are currently engaged in an attempt to consolidate a couple of ministries and we would need staging space because it is difficult to do the overnight swap. It is counterproductive because of productivity losses. There is not available to us at present the kind of staging space that would be needed to facilitate those consolidations.

Mr. Epp: To what extent do you liaise with other governments, federal, provincial and state, to refine your system of keeping an inventory of space and the utilization to the best dollar available.

Mr. Raymond: There is in place a conference of ministers of public works--I forget the exact acronym--as well as a conference of deputy ministers of public works from across the land. They meet on an annual basis. There are subcommittees, made up of officials, that meet. I made a point of meeting with my counterparts in Ottawa soon after coming to the Ministry of Government Services and I still meet with them.

Ontario has played something of a leadership role. At the last conference, Ontario tabled a document on what we called the working environment, the integration of physical plant with new technology on the market to improve conditions and productivity in the work place. I have made available to my counterparts in other provinces some of the initiatives that have emanated from Ontario. I have received in return some of the undertakings under way at present in sister provinces. There is a formal structure, but there is also an informal network of communications at the officials' level.

Mr. Epp: Are you pleased with the co-operation and the learning process that goes on at those meetings? Do you feel you are substantially benefitting from them?

Mr. Raymond: I attended one subcommittee of officials in the past couple of weeks. It was a subcommittee on energy conservation and I was most impressed with the co-operation and exchange of expertise and ideas that flowed through the discussions over a two-day period.

In an MGS initiative at a conference sponsored by the Building Owners and Managers Association, we extended an invitation to our various clients within the government of Ontario to join us in the seminar that preceded the

conference. We took an active part in various workshops throughout the seminar. Then there was a debriefing session for Ontario officials to compare notes and see what lessons could be learned from the private sector. There was, therefore, an exchange.

This was an Ontario initiative. To my knowledge, we did not have colleagues from other provinces at that conference. That kind of thing is taking place.

Mr. Epp: To what extent do you utilize the expertise available from large corporations such as Olympia and York Developments Ltd. and Cadillac Fairview Corp. Ltd.? They obviously do not squander their money or they would not be making billions of dollars. To what extent do you use their expertise to utilize the government's space a little better?

Mr. Raymond: We are in the process of restructuring MGS on a number of fronts with a view to merging with part of the Ministry of Housing, specifically the Ontario Land Corp. To do so and to learn from the private sector, we have established an advisory committee made up of the large corporate firms in the private sector. They will advise us on our leasing portfolio, our construction program and various aspects of MGS's role.

11 a.m.

In addition, there was an advisory committee to the minister called the Real Property Advisory Committee. I cannot, Mr. Epp, give you the membership as it existed because we are in the process of re-examining the terms of reference and possibly the restructuring of that committee. I could make available to you the various firms that were represented on RPAC, but it also included a representative from the planning arm of Metro Toronto so we had municipal input as well.

Mr. Pencak: Perhaps this is the opportunity to use Mr. Epp's concern about the vacant space again. I would like to point out that we are the largest in the business of leasing properties for ourselves. We are larger than Cadillac Fairview or Olympia and York, which are in the business of renting properties. As Mr. Lowry said, with our inventory of 47 million square feet we have shown for years a vacancy rate under 1 per cent, and that includes all little pockets and substandard space. That should speak as a record in itself, if we seem to be defensive.

Relative to other jurisdictions, they are looking to us and how we do things. I do not mean only in Canada with both federal and provincial governments but also beyond the border. Down south, we have informal meetings with representatives of the states who ask us how we do business because we do not seem to be learning much from them.

I feel rather proud of the way we operate our business. We seem to have the leadership role in this business as opposed to following other jurisdictions. They come to us and ask us how we do business. I am not saying we are perfect; far from it. There is a lot to be done but we seem to be leading in the efficiency of running the business as opposed to following it.

Mr. Raymond: I would like to return to Mr. Epp's question on the great co-operation with the private sector. In recent months we have been promoting another concept. We have met with various groups, with engineers and architects, with a view to exchanging staff. We are looking, at least at the outset, for a couple of pilot projects whereby we would make available to the

firm one of our officials and in return it would make available to us one of its officials. We want to mount that program on a safe and sound footing. Therefore, we do not want to do it wholesale at the outset, but it is taking shape.

Mr. Epp: There are two or three other questions. What is going to happen with the property east of Bay and south of Wellesley?

Mr. Raymond: That has been the subject of numerous studies over the years. We have looked at it again. As a matter of fact, Mr. Lowry is currently chairing an interministerial committee to look at various potential uses for the space east of Bay. It is a very valuable piece of land, as you can imagine. We own land not only within that block but also across the street. There is no clear-cut answer to your question at this point, but we are in the process of looking at it at this moment.

Mr. Philip: There seems to be a real need for additional courthouse facilities in the downtown Toronto area. Is it your assumption that there will be any application of any of that property for that type of facility? Is it too expensive to be used for courthouse activities?

Mr. Raymond: As you probably know, last fall the province acquired the site known as the Chestnut-Armoury site with a view to building additional courthouses there. This is being looked at again. It is a major undertaking, as you will appreciate. We are now looking at various options available to the province for new court facilities.

Mr. Philip: What does "now" mean? When are you going to make a decision?

Mr. Raymond: You are looking at years to bring about a project of that magnitude. There is the planning stage, the construction stage, the proposal call; it is years away. In the meantime, we still have space rented in the old city hall. We make use of that space, but we would like to come to a decision at an early date on what we will be able to do on that newly acquired site.

Mr. Philip: One of--

Mr. Chairman: Mr. Epp still has the floor.

Mr. Epp: There is a building owned by the government on University Avenue about midway between here and the Travelers Canada building, on the right-hand side as you are going south. I think it has been vacant for some years. I do not know the exact address. It is an old building.

Mr. Pencak: At the corner of Dundas and University?

Mr. Epp: It could very well be.

Mr. Pencak: That is 454.

Mr. Epp: Is it 454 University Avenue?

Mr. Pencak: Yes. This is the property that was sold about a year and a half ago, but it is occupied. It is the Ontario Welcome House.

Mr. Epp: Has it been sold by the government?

Mr. Pencak: By the government.

Mr. Epp: Does it still have the government of Ontario sign out front?

Mr. Pencak: Yes, we are still occupying that property. When we sold it, we had an arrangement whereby we could stay in that building for five years. That is what is happening right now. In fact, it is fully occupied.

Mr. Philip: What was the total amount you put in there to renovate that building and what was it sold for?

Mr. Pencak: I am guessing, but I think we sold it for about \$10 million.

Mr. Philip: How much did you put in for renovation?

Mr. Pencak: For the Ontario Welcome House? I do not know the exact figure.

Mr. Lowry: When the most recent alterations were done to 454 University, the building at the corner, the improvements, although they are very visible from the outside, consisted primarily of cleaning the brick, painting some of the material and doing remedial repairs to the exterior. The improvements to the interior were quite minor.

Mr. Raymond: On the question of repairs to facilities that we are proposing to dispose of, there is a comment I would like to offer. As I indicated earlier, a new construction program may take years, depending on its magnitude. In the meantime, there are a number of codes that we are compelled to comply with, and we do make renovations, but not extensive ones. If we are going to be in a building for five years, there are certain alterations and repairs that might be quite justified.

Mr. Philip: Why was 454 University not rezoned or upgraded to higher density prior to selling? Would that not have improved the amount of money you would have got for it?

Mr. Raymond: I do not know the information.

Mr. Philip: I asked for the information a couple of years ago. You have had plenty of time to get it.

Mr. Chairman: Mr. Epp, have you finished your questions?

Mr. Epp: No. I have a question and probably a supplementary.

I guess this is general. To what extent are you, and have you been, involved with respect to the construction of courthouses and facilities for the Ministry of the Attorney General?

Mr. Raymond: On the provisions as they now exist, any construction program under the act and the procedures of Management Board of Cabinet has to be undertaken by the Ministry of Government Services. It establishes its program, capital and other requirements on an annual basis. MGS then

implements these programs once Management Board approval has been secured and obtained.

Mr. Epp: Do you look at the plans at all to make sure the facilities are there, that they have washrooms where they should have washrooms, etc?

11:10 a.m.

Mr. Raymond: On that note, I know a number of references have been made. The program executive works with the client ministry to determine its needs and establish priorities. We would then undertake whatever is needed in keeping with those priorities. I think the courthouses across the province--Lon, correct me if I am wrong--were taken over some 10 or 12 years ago. A number of alterations, renovations and repairs are being done each year. I was looking at the figures and a fair share of our budget is spent on facilities that are in place for the use of the Attorney General's ministry.

Mr. Epp: I know we are going to get deeper into this later on this year, but there is that courthouse in St. Catharines where 53 major deficiencies were found. To what extent is your ministry responsible for that? Did you pass the buck on to the architects and say the architects did not include it? Is there somebody in your ministry who is responsible? Do those needs roll uphill? Are they promoted? To what extent are you responsible and to what extent do you take corrective action with the people who are responsible since you are new in that ministry?

Mr. Raymond: You will appreciate that there can always be startup problems in any new building that is being commissioned. I understand that some of the deficiencies that were identified go back a couple of years. There were some initial problems with the air-handling systems. The problems were resolved at that time and the building has been running well since then. The corrective measures were taken. That was part of commissioning the building.

Mr. Epp: What you are saying is that the heating problems have been corrected. It is now heating properly in the winter. The air-conditioning problems have been corrected and it is now air-conditioned properly in the summer.

Mr. Raymond: That is my understanding. Corrective measures were taken at the time.

Mr. Epp: Have you bought door stretchers to stretch the doors so the vans can get into the building?

Mr. Raymond: I am told the police van does fit into the sally-port, which is an area used exclusively by the police for the transfer of individuals in custody. Members of the public do not have access to that area. I am told that both large and small cars can have access to the parking garage. It is difficult for larger cars, but there is an alternative adjacent booth which is used and it does not cause administrative problems. That is my information on the garage in St. Catharines.

Mr. Pencak: This courthouse was completed in 1984. It is a fairly sophisticated building with all the new controls in it for energy management. What you are referring to as deficiencies are a normal part of construction. They are looked after and the contractor is asked to fix them. It depends on the time you look at it. There were some problems after it was completed and

occupied, but since then, they have been cleared up and the building is working in perfect order right now.

ABOUT the access of the police van, the design of the courthouse is such that there is no need for a police van to get into the basement because the sally-port and the delivery of the prisoners is on the ground floor. Any reference to the van getting into the underground parking is valid; it cannot get in, but then it has no business getting in.

Mr. Gillies: The CBC radio report I heard said quite unequivocally that even a large car could not get into that garage; that only compact cars could use it. Are you saying that is not the case?

Mr. Raymond: That is the information that was provided for me. I understand that is the case; that larger cars can have access to that parking garage, though it may be difficult, and there is an alternative route they can use. Is that the situation, Mr. Casey?

Mr. Casey: Yes.

Mr. Epp: Could you give us some idea of what you mean by a larger car? Are we talking about Oldsmobiles or Chevrolets?

Mr. Raymond: I do not know. I presume it is a full-size car.

Mr. Epp: A full-size car, whether it is a big Buick, Oldsmobile, Cadillac or whatever.

Mr. Gillies: The other part of the supplementary, arising from the same radio report I heard--I will confess to you that I have never been in this building--is that there is an open atrium in the middle of--

Mr. Philip: Before you do that, may I ask a supplementary on those parking spaces down in the garage? There are 100 employee parking spaces. One assumes that if they were accessible, those 100 employee parking spaces would be used now. Without talking about what is a big car and what is a small car, how many of those 100 parking spaces are being used in that courthouse?

Mr. Raymond: I do not know offhand, but we can provide the information.

Mr. Philip: Somebody must have a visual impact of whether they are being used or whether people are afraid of smashing the roofs off the top of their cars by using the space.

Mr. Raymond: Let me see whether the information is available. We can check and provide the evidence.

Mr. Philip: Have any one of you in the room now been into that parking area? Were the 100 spaces filled?

Interjection: No, their cars are too big.

Mr. Philip: Did you get your car in? What size of car do you have?

Interjection: A small car.

Mr. Philip: Were there large cars down there?

Mr. Epp: Just a moment, Mr. Chairman.

The Vice-Chairman: We are getting carried away.

Mr. Epp: With all due respect, we cannot have Mr. Philip having a separate discussion with somebody in the audience.

The Vice-Chairman: I agree. Go ahead with your question.

Mr. Philip: I am simply taking a poll, which is something you and the Liberal Party do quite frequently.

The Vice-Chairman: We will give you an opportunity. I would like Mr. Epp to finish, and then we can move on.

Mr. Epp: Mr. Raymond, with respect to that building in St. Catharines, there are 53 major violations cited by the CBC report. Is there any reason why you cannot provide this committee with an update on those violations, as reported, to show exactly how they have been corrected? You have been informed by your staff, and I accept it, that all those major deficiencies have been corrected. There is obviously a report in your ministry saying that they have been corrected, to what extent they have been corrected and what it has cost the government. Will you supply this committee with that report as soon as possible?

Second, some time in the future, if this committee does any travelling, we could take a look at that building, the problems that originally arose and the way they have been corrected.

Mr. Wildman: We had better all go in Hondas.

Mr. Philip: May I suggest you supply it to the auditor, and then the auditor can supply it to us with his comments?

The Vice-Chairman: Do you have any problems with that, Mr. Raymond?

Mr. Raymond: I do not know that there would be a single comprehensive report on all 53 deficiencies, but we could assemble whatever information we have on the various points and try to make that available to you.

Mr. Wildman: I want to pursue a couple of other matters to follow up on this. As a matter of interest, has the situation with regard to the Hornepayne town centre, where the police station was built with a garage that would not allow for cruisers with a light on top to get in, been rectified?

Mr. Raymond: I am not familiar with the situation.

Mr. Pencak: If I may comment, Mr. Wildman, that project was not handled at all by the Ministry of Government Services. The MGS came in as an adviser to the Ontario Provincial Police when the OPP were getting the space there. I would rather not make any other comments, because I may be critical as well, and I do not wish to be.

Mr. Wildman: I have no problem with being critical.

Mr. Pencak: I am talking professionally now. We did not do this project and we would rather not comment on it.

Mr. Wildman: In terms of your control and efficient use of accommodation and your relationship with other ministries, can you explain the relationship of the Ministry of Government Services, if any, with a government-owned facility such as Minaki Lodge?

Mr. Raymond: MGS does not have any role vis-à-vis Minaki Lodge.

Mr. Wildman: Then who is responsible for control and for ensuring the taxpayer is getting a good return for the government's investment?

Mr. Raymond: I would have to check. I do not know whether it is the Ministry of Tourism and Recreation.

11:20 a.m.

Mr. Pencak: As far as I know, it is Minaki Lodge Resort Ltd., a crown corporation which reports through the Minister of Tourism and Recreation.

Mr. Wildman: With regard to the control of government space that was part of the auditor's study--I am sorry I came in a little late--have you or Management Board implemented the recommendations of the study on management and accountability in the Ontario government? Specifically, have recommendations been implemented related to the control of government space? How has that affected the real estate activity of MGS?

Mr. Raymond: As I indicated at the outset, this is exactly what is taking place now. We are at the discussion stage with our colleagues and Management Board. We have recently designated our representatives from MGS to work with the officials of Management Board, and this is one of the many issues we propose to address.

Mr. Wildman: With regard to the declaring of space surplus and your relationship to the line ministries, what incentives, if any, does MGS provide to the client ministries to declare surplus space that is not being used or is being underutilized?

Mr. Raymond: At present, there is just the one program, which Lon may want to speak to, that is, the cost avoidance type of program. In my opinion, and the auditor correctly pointed that out, it is working fairly well, and that is the kind of program or initiative we should emulate in other areas. Lon may want to share some of the details with the members.

Mr. Pencak: The incentive under that program, which is based on the three-year payback, is that we are offering the ministries a more efficient use of the space, be it the same space or another space altogether. There may be some cost saving in leasing versus the smaller accommodation we may get. If we get a payback on the three-year basis, that provides an incentive for the ministry to consolidate in a smaller area and save some dollars for the taxpayer.

What we are constantly forgetting--and we are talking in terms of so many square feet--is that the most important issue is the operational efficiency of the ministry. In our view, the cost of accommodation forms about 10 per cent of the expenditure relative to operations of a given program. If

we can provide a more efficient operation through accommodation, then the payback is much more in the operations area as opposed to simple accommodation. This is the incentive we offer to the various ministries.

Mr. Wildman: I am trying to find out how the ministry actually gets to the point of declaring something surplus. For instance, MGS may identify a particular accommodation for the Ministry of Natural Resources as needing renovation, upgrading and maintenance, and will actually allocate funding for that purpose. It then finds that the ministry is not prepared to go along with that for some reason over a number of years to the point where the building becomes so dilapidated that MGS has to come along and say, "This building is in such bad shape that we cannot renovate it and we are going to have to have the ministry move out." Does that ever happen?

Mr. Raymond: MGS has become a little more aggressive in this respect. We are well on the way to documenting in a clear way what our responsibilities are vis-à-vis the client ministries through agreements signed with the clients. What MGS will do and what the client will do are well documented. We have as much concern about preventive maintenance as anybody else. I am satisfied that in the last few months we have come a long way in documenting better the working agreements with the clients in this respect.

Mr. Lowry: In many cases we enjoy very high levels of co-operation with our clients at a local level. I mentioned earlier the process of reallocating space that has been declared surplus to us. In cases where we do not have space on our records that may be available to satisfy a client's request, we quite often canvass the client ministries in that municipality to see whether they have space they do not require for a certain amount of time or whether there are alterations that can be made to squeeze their uses a bit so we can fit in a new use.

There have been many examples where we have been able to avoid the cost of going out to lease additional space for interim or small uses and where we have increased the utilization of the portfolio we have.

Mr. Wildman: I am going to use a specific example. I want to know, for instance, why MGS has allocated funds for the rehabilitation of the Kirkwood Ministry of Natural Resources office near Thessalon in the Blind River MNR district. For four or five years running, none of those renovations have taken place, and I suspect it is because MNR has decided it wants those buildings to be run down for some reason. I am making that allegation flatly. I think the ministry has decided it wants the buildings to become run down.

Mr. Ferraro: Why?

Mr. Wildman: Because it wants to close them, even though it does not make sense with regard to service in the area and with regard to management of the forestry resource and the protection of the forestry resource from fire. Has your ministry had any discussions with MNR about needed upgrading on the buildings that belong to the provincial government and to the taxpayers at Kirkwood?

Mr. Pencak: I am not familiar with that case. We can ask and see if our local districts will acknowledge that.

Mr. Wildman: I would appreciate it if you would get that information.

Mr. Pencak: I want to add something Mr. Lowry has not mentioned. We

nave a program called the LAR, the local accommodation review, which is another tool whereby we look at the locale from the larger perspective of a given area to see how the ministries may or may not fit into what may be available, what may be consolidated or disposed of and so on. With regard to ministries such as MNR, we have to abide by their program needs. We cannot force them.

Mr. Wildman: When you allocate the funds to fix a leaking roof, how is it that the MNR manager can say, "No, sorry, we do not want you to do the work this year."

Mr. Raymond: As Mr. Pencak has indicated, this is one situation we would have to look into.

Mr. Wildman: I appreciate that. I am going to use another example. With regard to the declaration of surplus space, for instance, a few years ago, the Ministry of Natural Resources closed the White River district office and consolidated it with the Wawa district office. That meant a large number of buildings in White River were left vacant. Some of them were used on an interim basis from time to time by MNR. Its main administrative office and a large number of residences that had housed MNR staff were left vacant, and they then passed into the administration of your ministry.

Mr. Raymond: The initial decision would have been that of MNR.

Mr. Wildman: Yes, I understand that. After that happens, you, as a ministry, are left with a number of vacant buildings. We are talking about a very small community of about 700 people. Subsequently, there has been a major upturn in the economy of the area with the Hemlo expansion, and communities such as Marathon, Manitouwadge and White River are expanding.

There is a need for accommodation for major corporations that are coming into the area, both for personnel who are working in the area and for administrative office space. For some reason, your ministry does not make the space available, even though you have a bunch of buildings left vacant on which you are having to do renovations. Can you explain why that happens?

11:30 a.m.

Mr. Raymond: I am not familiar with the details of that situation. However, where there is no program need for a given facility, it has become the practice in the ministry, as part of the review of the inventory that is under way, if the government does not need to retain ownership of that facility and where it would make sense, to dispose of it.

Mr. Wildman: But how do you dispose of it? It is by auction, is that not right?

Mr. Raymond: Auction or tender used to be the way. As you know, procedures are in place for surplus facilities or holdings to be made available to sister ministries and then to municipalities. If there is no taker at those two levels, we go to the public.

It has been the practice to use the auction or the tendering approach, but as part of our portfolio management strategy, we have now agreed we will look at other innovative ways of disposing of those properties.

Mr. Wildman: You have rented some of the accommodation to Ontario

Provincial Police staff, I understand, but there is a tremendous housing shortage in that whole area. As I said, a major company that was involved in the Hemlo find and expansion was prepared to use office space in White River, and because they could not free it up fast enough and you could not free it up fast enough, it went to another community. I would like you to review that whole process.

Also, I would like you to explain why, when you decided to do renovations of these vacant buildings in White River, you contracted it in such a way that the work started in September and went through December into January. Most people in this province realize White River is advertised as the coldest place in Canada. If you are fixing a roof, putting in new windows and painting buildings in that kind of weather, it seems to me it is a tremendous waste. You are going to be doing that work again pretty darn soon.

Mr. Raymond: I do not know the specific answer to the question. I come from that part of the world.

Mr. Wildman: I know you do.

Mr. Raymond: Not quite that far, but I know about the construction season in northern Ontario.

Mr. Wildman: You do not often start construction contracts in September.

Mr. Raymond: I do not know when the program decision was made. It might well have been the timing of the proposal call. I do not know what the complications or the shortcomings were on that job.

Mr. Wildman: It does not make a lot of sense to be on top of a roof in November.

I would like to get to some more general questions. The deputy minister's response to the auditor's findings refer to the review of Ontario's real property holdings that was initiated through the office of the special adviser to the Premier. Can you indicate what impact the work of that review and its recommendations may have had on your real estate activities?

Mr. Raymond: They are on a number of fronts. As I alluded to earlier in my comments, we are now in the process of looking at the details with a view towards integrating or merging the Ontario Land Corp. with the accommodation arm of the Ministry of Government Services. I also indicated earlier that we now have in place what we call the portfolio management strategy. We have reviewed our leasing policy, and we are assisting in the completion of the inventory in a system whereby the inventory will be kept up to date. There are a number of initiatives that have flowed from that exercise.

I will go on to say that, in a sense, the accountability framework review that is currently under way is also an offshoot of that initiative.

Mr. Wildman: To speak of maintenance for a moment, does the ministry still maintain that maintenance expenditures and operations should not be compared with private industry or other established standards?

Mr. Raymond: Mr. Pencak can go on to talk in greater detail about this, but we are saying there are facilities that form part of our portfolio

that are in many respects unique, such as jails, courthouses and psychiatric hospitals. However, we provide the input and get the benefit of the annual surveys that are undertaken by the Building Owners' and Managers' Association. In that respect, we want to emulate the businesslike approach that is taken by the private sector, where comparisons can be made.

Mr. Wildman: I thought by unique you meant you had buildings that could be renovated in White River in November and December.

Mr. Raymond: On that one, I do not know. There is a sign as you come to White River.

Mr. Wildman: Yes, there is.

Mr. Raymond: It says it is the coldest spot in--is it Canada or northern Ontario? I forget.

Mr. Wildman: It is in Canada. It registered 78 below Fahrenheit at one time.

Mr. Gillies: That was in August.

Mr. Wildman: No, it was in January.

Mr. Raymond: If the roof was leaking, in spite of the lateness of the undertaking, I can see why we would have wanted to do the work in the fall.

Mr. Wildman: The roof was leaking long before that. It might have been a better idea to be doing the work in July.

Does the auditor agree with the view that you cannot really compare with the private sector because of the uniqueness of the institutions that are involved?

Mr. Archer: I agree with respect to the types of institutions the deputy minister just described. However, you could run some comparisons with similar institutions in other jurisdictions, such as the other provinces.

Mr. Wildman: How do you respond to that? Your argument is that they compare to you, is that it?

Mr. Raymond: It should be a two-way approach.

Mr. Wildman: My only other question is with regard to the relationships and responsibilities between the property management division and the client ministries. Could you expand on how you are clarifying your relationship with the Ministry of Natural Resources, for instance, since the auditor observed those relationships were not adequately defined?

Mr. Raymond: I am repeating myself, but it is through the present exercise of reviewing what I like to call the accountability framework, although that is not the official title. That is the interface between the Ministry of Government Services and client ministries. While the two main players currently at the table are MGS and Management Board, in due course I would be a strong supporter of involving some of our large clients, such as MNR and some of the others.

Mr. Wildman: Do you intend to draw up written memoranda?

Mr. Raymond: I do not know what the end product will be, but I suspect that in the final analysis it may lead to amendments to the existing procedures in the Manual of Administration.

Mr. Wildman: I look forward to getting specific information with regard to the two examples I used: the Kirkwood office in the Blind River district and the vacant buildings in White River that were previously part of the White River MNR district that you now own and maintain in winter as well as summer.

Mr. Raymond: We will undertake to do so.

Mr. Wildman: Perhaps they should not be vacant.

Mr. Gillies: I would like to ask you about the real property advisory committee that was struck by order in council in 1984. As I understand, it was to bring together representatives from both the public and the private sectors.

Mr. Raymond: That is correct.

Mr. Gillies: They were to talk about these types of problems, the kind of thing Mr. Wildman just mentioned, the comparison of property requirements and standards, the efficient use of space and so on. I understand the mandate of that committee lapsed on March 31. Can you tell us whether there are any plans to continue its work or revitalize it and what the status of that work is?

11:40 a.m.

Mr. Raymond: As I indicated earlier, we are in the process of looking at what administrative changes will be required to facilitate the merger of the Ontario Land Corp. with the accommodation group of the Ministry of Government Services. While the term of office has not been extended, I suspect that, in the meantime, the advice of the private sector is being sought in a number of ways through the advisory committee on the reorganization of MGS. There is a private sector advisory committee advising the senior officials of the ministry on the administrative details of the reorganization.

As far as the present status of the real property advisory committee is concerned, it is under active consideration whether the terms of reference and the membership will be somewhat amended. I would suspect that there will be a need to continue in some form to obtain advice from the private sector. I think there was also municipal representation on that committee.

Mr. Gillies: So there is a good chance that the advisory committee could be reconstituted in some way?

Mr. Raymond: Obviously that decision is not for me to make but I would think that in some ways we will continue to seek, through the appropriate forums, the advice of the private sector. I know the minister feels strongly about this,

Mr. Gillies: That would be very helpful, very valuable. I hope you do.

One other thing I would like to ask arises out of the Ontario Manual of

Administration. Section 30.7.19. says: "On an annual basis, Management Board shall require each deputy head or his/her delegate to sign a declaration attesting to the fact that the government accommodation allocated to the ministry is being used efficiently and economically."

Was that article of the Manual of Administration universally adhered to in the most recent year?

Mr. Raymond: I would have to speak for my colleague in Management board and I am not in a position to do so. It would be a fair question to put to them but I do not have the answer. It is fair to say that within the accountability framework, as I call it, that we are currently reviewing with our colleagues at the board, that is one of the present provisions in the manual that we would want to look at.

Mr. Gillies: Arising out of that, could we ask the auditor to contact the deputy minister of the Management Board to ensure, or to at least find out, whether there was compliance with this article in the manual and if there were any cases of noncompliance.

Mr. Archer: I believe you are referring to the comment we made in our report at the time of our audit that this requirement was not being followed.

Mr. Gillies: What was the date of that finding? What I am getting at is whether it has been complied with since you brought that to their attention.

Mr. Archer: October 1985 would be the date we finished the audit. You are asking whether that requirement has been complied with since that time. I cannot answer that but we could ascertain it.

Mr. Gillies: I thank you for that.

Mr. Lowry: I would like to provide some information on that point. The Ministry of Government Services maintains the accommodation management information system, which is our main computer database which lists every property that MGS has on its inventory. It contains information on the floor-by-floor occupancy of buildings as well as the characteristics of each piece of property.

At the end of each September, we send out to each ministry a detailed listing of the space that, on our records, is allocated to that ministry by property, by building, by floor. Each ministry is asked to review that information, verify whether it is correct, whether it is correct in the ministry records, and to then send any changes to us and to sign the Management Board declaration. It is also recorded by category of space, so that information is cross-referenced as well.

Once that information comes back to us we use it as a very valuable input to maintain our records and to update the details of the accommodation management information system. We provide a yearly summary of that information by ministry and by building, both leased and owned.

Mr. Philip: Who signs the declarations? The deputy minister?

Mr. Lowry: It is the responsibility, in the Manual of Administration, of the deputy minister to be accountable for the accommodation allocated to that individual ministry.

Mr. Philip: I know it is in the Manual of Administration. I am asking you whether each deputy minister signs the declaration personally.

Mr. Lowry: I believe it is the deputy minister or a delegate.

Mr. Gillies: Yes. The manual reads, "deputy head or his/her delegate."

Mr. Philip: Has each ministry, as a result of following the auditor's 1985 report, now been signing that?

Mr. Lowry: That process has been in place for many years.

Mr. Philip: The auditor said it was not being followed. I am asking you if each ministry is now signing it?

The Vice-Chairman: The auditor has indicated he is going to have to ascertain whether that is a problem.

Mr. Archer: Perhaps there is a distinction to be made here between the ministry certifying yes, it agrees that it has the space that MGS says it has and the second part which asks whether the ministry is using that space economically and efficiently. It is that second part that they had not been complying with. They had been complying with the first part.

Mr. Raymond: That second part falls with Management Board and not with MGS.

Mr. Gillies: I accept that, but both of the features of this article are contained within the same article. "On an annual basis, Management Board shall require..." and then it goes on to talk about the declaration, ensuring that the "...accommodation allocated to the ministry is being used efficiently and economically." Presumably both the acknowledgement of this space and the declaration that it is being used should come under the same article to Management Board.

Mr. Raymond: As I understand the system, what Mr. Lowry described to you is a service, in a way, that MGS makes available to our client ministries. It is not a requirement of the Manual of Administration. What Mr. Gillies is now referring to, and quoting from the manual, is a requirement that falls on each ministry to file with Management Board.

Mr. Gillies: I have two other specific questions. I want to go back to the St. Catharines courthouse for a minute and I have to say to you gentlemen that this instance--

Mr. Wildman: Hope you have a convertible.

Mr. Gillies: Since I asked about the garage, I just checked again with the Canadian Broadcasting Corp. reporter who was here who swears up and down you cannot get a large car into that garage. He says that he stood and watched for some time as several people attempted to do so. I am not saying that we can answer that now, but I raise it as a concern and an unresolved one.

Mr. Raymond: My earlier answer was that there was a second access route that was available for larger cars. However, it is also my understanding, from information provided by staff, that large cars--it may be a matter of semantics here. I do not know how large the car is.

Mr. Gillies: How large is my car?

Mr. Raymond: It is my understanding that large cars can indeed gain access to that area. In certain parking garages the space is extremely tight. I know from personal experience, from a scratch on my own car, coming out of a parking garage in a hotel in Ottawa, that sometimes there are large pillars to be avoided.

Mr. Gillies: All right. We will leave that one. The other question I have about St. Catharines--

Mr. Epp: If I may have a supplementary here, or a correction. I asked you that question. I can appreciate that you would not go around and check everything yourself but you indicated that the staff had indicated very clearly that all these deficiencies had been corrected. That is why I asked for the report. When we talk about large cars getting in there, we are not talking about them being able to just squeeze in with perhaps one inch on each side or something like that. They should be able to get in there comfortably.

Mr. Raymond: Right.

Mr. Epp: That is my understanding of it and I want to make sure that you understand what I understand here.

Mr. Raymond: Yes. Just to reply to Mr. Epp's intervention. We did undertake to look at the deficiencies as identified by the report of a couple of years ago and we will indicate to you what corrective measures were taken. I think that was the nature of your request. We have undertaken to prepare and make available that kind of report and we shall.

11:50 a.m.

On the matter of access, both large and small cars can have access to the area that has been identified and there is an adjacent route which is used and does not cause administrative problems. That is the information as we have it. Whether that is the case or not, I suspect this kind of information would not be provided if it was not accurate.

Mr. Philip: Regarding the comment you made about the 51 major defects being corrected, what was the cost of correcting the heating and air-conditioning problem?

Mr. Raymond: We do not have that information available to us this morning. We can make that part of the information we have undertaken to provide.

Mr. Philip: I have information that it cost more than \$100,000 to correct it. Can you confirm or deny that?

Mr. Raymond: I take it from the body language that we will have to go back and check the cost.

Mr. Philip: It was a large amount of money. You would think that somebody in this room would know whether you spent that kind of dough. If it were \$10,000, you might not. If it is \$100,000, it seems significant enough that somebody somewhere near the top of captaining this ship would be aware of it. It is obvious they are not.

Mr. Pencak: May I comment on that? Some of these corrections were

deficiencies as part of the capital construction contract. We will have to take a look to see how much was part of the original contract and how much was perhaps extra.

Mr. Gillies: That would be helpful. Presumably, this type of equipment has some kind of warranty with it. We would be interested in knowing now much of it was covered.

Mr. Philip: It would also be useful to find out whether my information is correct, which is that, after spending all of this money, it still does not work.

Mr. Gillies: That would be helpful. I have one other question about St. Catnarinnes before we move along. Again, I am referring to a media report; I have not seen the building. According to the reporter, there is a very large atrium as part of the building that is almost as large as the usable space in the building. What kind of guidelines do you have, or do you have guidelines in the construction of government office space, that specify the amount of square footage that has to be usable space as opposed to space that may be added for aesthetic or architectural reasons?

Mr. Philip: They are rehabilitative flowers. It is a rehabilitative process on prisoners.

Mr. Gillies: I am not suggesting we want all our buildings to be nothing but offices and narrow hallways. There are requirements for entranceways and sometimes something of architectural interest. If this report is to be believed, it sounds like this atrium is quite enormous.

Mr. Pencak: It is an opinion of an individual. Each of us has one.

Let me suggest this. Courts are places of dignity, and as far as the costs are concerned, we have done some comparisons with other jurisdictions. While apparently we had some trouble convincing even some of our Management Board members because it did appear very expensive, if you look at the costs of our courthouses, they are very low relative to other jurisdictions.

It is the creativity of the designer that is able to provide the atrium space within the costs. It may appear dollars were wasted, but if you compare it to usable cost of space, it compares very favourably with other jurisdictions and yet provides for the dignity of the court. You get the feeling of space in the courthouse; it is not just a beer hall or anything like that. The costs speak for themselves, although you may have another impression.

Mr. Gillies: Before I comment much further on that building, I should have a look at it.

Mr. Philip: Could I have a supplementary on that?

Mr. Gillies: In a second. Are there any guidelines when somebody is tendering to build something for you? Are there guidelines of any kind as to how much of the square footage should be usable space?

Mr. Pencak: Very much so. Before we start drawing any lines on paper, we develop very strict guidelines relative to the budget. The budget of the project is established. The energy budget of the project is established. I will not go into the details of schedules and so on. Our track record has shown us that we have been meeting those targets very well. So yes, the court

requirements are based on standards. On the basis of these standards we develop budgets for the projects, and these budgets are met.

Mr. Gillies: I have one other question. During the albeit brief time I was Minister of Skills Development, I directed my deputy to investigate with your people a space consolidation. My concern then, and it is still a concern, is that there were head office or quasi-head office aspects of that ministry office all over the place.

I want you to update me on this. Concerning the Ministry of Skills Development, as I understand it, the head office--minister, deputy, etc.--is still at 101 Bloor Street. The Ontario Youth Commissioner is across the street on Bloor Street. The youth secretariat is at 700 Bay Street. Other programs are in the Maclean Hunter building, and still other programs are sandwiched with the Ministry of Colleges and Universities in the Mowat Block.

I just wondered whether any progress has been made in the past eight or nine months in trying to find some sort of central home for that ministry, because I think it would somewhat improve its efficiency and its sense of identity as a new ministry.

Mr. Raymond: While I cannot give you all the details, I am in a position to report that we have pursued this very aggressively, and I am confident that within the next short while, we will be able to consolidate a large part of the Ministry of Skills Development in the Ministry of Colleges and Universities. The figure I last saw on this was that we would consolidate 87 per cent of the Ministry of Skills Development. So we have taken some fairly aggressive action on this, I am happy to report.

Mr. Gillies: Good. I look forward to seeing that.

Mr. Philip: I was stimulated by your comment about how courts should have some dignity. I wonder whether it is true that at the Hamilton court building, cells built to hold eight prisoners often now hold more than 40, and that at 125 Main Street East, courtroom 1, a judge has to walk out of his courtroom through the holding cell, where the prisoners he may just have sentenced are being held. I feel both of those situations are pretty undignified.

Mr. Raymond: I cannot comment on that situation, not being familiar with the specific situation. But again, the role of the Ministry of Government Services in this would be to support our client ministry in correcting that kind of situation, if indeed that is the case, in keeping with the established priorities and keeping in mind their program needs across the province.

Mr. Philip: I have a point of privilege to correct the record: I inadvertently was overly harsh, I guess, on the Ministry of Government Services when I said it was two years ago that I asked for a response to why the buildings were not rezoned on University Avenue before sale. In fact, it was only one year and six months as of Monday; so I apologize to the members of the committee if I have inadvertently misled them on that one point.

The Vice-Chairman: We appreciate that correction, Mr. Philip.

I have a couple of questions, gentlemen. I am curious about the involvement of the judiciary in the St. Catharines building. What was their involvement in the final design? Did they have input at all?

Mr. Raymond: I am sorry, Mr. Chairman?

The Vice-Chairman: The local judiciary, in terms of talking about the St. Catharines courthouse?

Mr. Raymond: What was the question?

The Vice-Chairman: The local judiciary, the judges, the court officials--was there not any involvement there at some stage in looking at the design and having input into the final decision?

Mr. Raymond: It is my understanding that both the bench and the local bar are involved in the actual design with the Ministry of Government Services and the client ministry in the actual design of the new facility. I would presume, Mr. Pencak, that this was the case in St. Catharines. I know for a fact it is the case in Ottawa.

The Vice-Chairman: I know it was in Ottawa. I am just curious about the large number of deficiencies and why they were not detected earlier.

12 noon

Mr. Pencak: On all new courthouses, like the one at St. Catharines--and I suppose to the same extent it applies to the existing ones when we do some renovations--there are several occasions on which the local judiciary is involved. They review the sketches, the preliminary designs and the so-called 90 per cent completed work. There are several occasions when they do make comments, and we accordingly adjust our plans to those comments.

The Vice-Chairman: Obviously, they overlooked a number of deficiencies.

Mr. Pencak: I hear 54 deficiencies. As I said, I cannot help but feel very strongly that most of these deficiencies were construction-type deficiencies, which is a normal process in the development in any project.

The Vice-Chairman: If that is the case, we will see that in the report you are going to submit to the auditor.

Mr. Raymond: I would like to point out that some of the deficiencies identified by the committee that visited the building may have been of a program nature. If those deficiencies were of a program nature and not of a structural nature, Mr. Epp, we might not have the information within the Ministry of Government Services.

Mr. Epp: When you are speaking in terms of a program deficiency, are you talking about something that was not in the specs?

Mr. Raymond: No. If it has to do with the construction of the facility, we will have the information. But some of the reports I have seen talk about the availability of Ministry of the Attorney General staff within certain working hours. That is clearly a program decision to which we would not have an answer.

Mr. Epp: I can appreciate that. The things that caught my eye were, for instance, the garage, the fact that there were sinks, etc., whether there should be a washroom.

The Vice-Chairman: Those are the kinds of things you are going to talk about.

Mr. Epp: In Kitchener about 10 years ago they built a hotel, they built a big ballroom and did not put any washrooms on the same floor as the big ballroom, which holds 500, 600 or 700 people. I would fire the architect who did that to me, because those are things he should remember. Those are the same kinds of deficiencies the Canadian Broadcasting Corp. was reporting with respect to that building. I must confess, like Mr. Gillies, that I have not been in the building.

Mr. Raymond: On that specific point, the reference is to the absence of a sink in the cafeteria; the answer to that one is that this part of the building was designed for vending machines, and it is not customary to provide sinks when the room is to be used for making vending machines available to staff members and the public. However, we will look into that situation as well.

The Vice-Chairman: I have one final question. You have been given a goal by the Treasurer (Mr. Nixon) in terms of disposal of surplus properties for the coming year. I recall some figure being talked about. I am not sure whether it was \$50 million. Could you refresh my memory on that specific target?

Mr. Pencak: That was three years ago.

The Vice-Chairman: You do not have a target this coming year?

Mr. Pencak: Not this year. We had a target at that time, which was \$30 million, but we did not have a target given to us subsequently.

The Vice-Chairman: Nothing at all? So what are you looking for?

Mr. Pencak: Not a target as such.

The Vice-Chairman: Do you have any projections planned?

Mr. Raymond: At present, between the Ontario Land Corp. and the Ministry of Government Services, we are looking at completing the inventory and looking at the surplus assets; then flowing from that, I presume, will be our program for disposal.

The Vice-Chairman: Okay. Mr. Archer, do you have any comments you would like to make?

Mr. Archer: Nothing further.

The Vice-Chairman: Nothing further? Gentlemen, thank you very much for appearing here this morning. We appreciate it.

Before we adjourn, we have a couple of items of business to deal with. Most members will be aware that the Board of Internal Economy approved our budget. Perhaps you will want to log in the dates in terms of the implications of that approval so you can be aware of what your schedule is going to be in that time period.

Mr. Wildman: In relation to that, if the House is sitting into July, we might have to look at curtailing numbers. That is a possibility.

The Vice-Chairman: It is a possibility.

Mr. Epp: I understand the Board of Internal Economy was aware of that when it approved it.

Mr. Philip: We should congratulate Mike Harris on a job well done in presenting our case. He is the first chairman who has been successful in being as persuasive as that. It is money well spent. As a committee, we are going to benefit greatly by it.

As a person who has attended a number of public accounts conventions, I always get new insights and information. I hope other members enjoy it and are as stimulated as I have been.

Mr. Wildman: I have not looked at the material Doug Arnott gave us recently. As we are the standing committee on public accounts for Ontario, is the conference expecting us to make a presentation on any topic?

Mr. Harris: We have discussed that. We are preparing a presentation on the domed stadium. We have already submitted to them that we will do it and that it is the topic. Some time around mid-June we will get together to take a look at it.

The Vice-Chairman: In case you are not aware, pursuant to Mr. Philip's motion carried on May 22, we will have the Industrial Accident Prevention Association before us next week, with the Workers' Compensation Board, Mr. Elgie and Tim Armstrong. If time permits, we may debate Mr. Philip's notice of motion, which he gave today.

On June 12, we have witnesses from the Mines Accident Prevention Association of Ontario. Some other witnesses have yet to be confirmed.

Mr. Philip: I understand Mr. Martel wishes a shelf to be built for the various materials and documents he is bringing to the committee meeting next week.

Mr. Epp: With respect to that, you may recall the official opposition and some of the government members indicated they did not have some of the material Mr. Philip said they had. Mr. Philip said he was going to make it available. I presume that material is going to be made available to us prior to next week.

The Vice-Chairman: Are you talking about dealing with the notice of motion given today?

Mr. Epp: The IAPA and so forth.

Mr. Gillies: Safety associations and so forth.

The Vice-Chairman: Do you want to respond to that, Mr. Philip?

Mr. Philip: No. I think Helen Fritz can respond.

Ms. Fritz: I have gone to Mr. Martel's office to get material and am putting together an information package on each of the associations. You will have that before the meeting.

Mr. Epp: Good. A few days before--not five minutes before. I am not trying to make it difficult, but you understand what I mean.

The committee adjourned at 12:08 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

ORGANIZATION
SAFETY ASSOCIATIONS

THURSDAY, JUNE 5, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gordon, J. K. (Sudbury PC)

Harris, M. D. (Nipissing PC)

Philip, E. T. (Etobicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitution:

Offer, S. (Mississauga North L) for Mr. Ferraro

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Workers' Compensation Board:

Elgie, Dr. R., Chairman

From the Industrial Accident Prevention Association:

Donaldson, G. F., President

Manne, C. H., First Past President; Plant Manager, PPG Canada Inc.

Johnston, R. C., Second Past President; Vice-President, Operations,
Dorr-Oliver Canada Ltd.

From the Occupational Health and Safety Education Authority:

Bucher, R., Chairman

Ridout, J.

Cooke, S.

From the Ministry of Labour:

Armstrong, T. E., Deputy Minister

ERRATUM: Issue P-2, page P-4, paragraph 5, line 1 should read:

The housing authority invited 41 companies to tender, excluding company

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, June 5, 1986

The committee met at 10:08 a.m. in room 151.

ORGANIZATION

The Vice-Chairman: I wonder if we could come to order, please. I see a quorum.

The first item of business on the agenda is the election of a chairman. Mr. Harris is moving on to bigger things and the clerk has a letter to read into the record.

Clerk of the Committee: I have received a letter from Mr. Harris.

"Due to my appointment as official opposition House leader, I hereby tender my resignation as chairman of the standing committee on public accounts, effective 10 o'clock a.m. on Thursday, June 5, 1986."

I would like to call now for nominations for chairman.

Mr. Philip: Before we do that, it would be appropriate for some of us who were not of Mr. Harris's party to say on the record that we appreciate the job he has done as chairman. I think he has been one of the better chairmen I have seen among any committee chairmen in this Legislature. We wish him well in his new post.

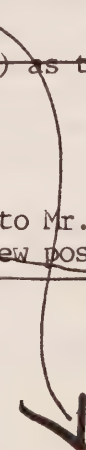
Mr. Gillies: Certainly on behalf of our caucus also, I would like to congratulate my colleagues on his new appointment and also on the excellent work he did on all of our behalf in this particular committee.

~~I would like to nominate the member for Leeds (Mr. Runciman) as the new chairman of the committee.~~

~~10.10 a.m.~~

~~Mr. Epp: I would like to add my thanks and congratulations to Mr. Harris for the fine job he has done and to wish him well in his new post--but not too well and congratulate you--~~

P-1010 follows



→ I would like to nominate the member for Leeds (Mr. Runciman) as the new chairman of the committee.

Mr. Epp: I would like to add my thanks and congratulations to Mr. Harris for the fine job he has done and to wish him well in his new post--but not too well. I would also like to congratulate you on the excellent campaign that you have run for this post. It has been a clean campaign, an arduous one as you can appreciate, but it looks like you are going to get there by unanimous consent. I want to congratulate you on that because that does not often happen around here, as you know.

Mr. Philip: Mr. Chairman, are you going to ~~you better~~ table your expenses incurred in this campaign?

The Vice-Chairman: There is no problem with that. I do not want to be ~~(inaudible)~~.

Clerk of the Committee: There being no further nominations, I declare Mr. Runciman elected chairman of the committee.

Interjection: A well-deserved victory.

Mr. Chairman: Thank you very much. I am looking forward to the challenge. I also want to extend my best wishes to Mr. Harris in his new role. He certainly provided a steady hand at the helm during his tenure as chairman.

We will move on to the regular order of business.

Mr. Harris: I appreciate the comments. I will refrain from my one-hour resignation speech in acceptance of it. I am staying on the committee at least for a period of time and want to say how much I have enjoyed what I think is the most interesting committee of the Legislature and the assistance of our researcher, ~~Mr. Harris~~ and the clerk and thank the auditor and his staff for their co-operation. It is an interesting position. I know you will not only do it well, Mr. Chairman, but you will enjoy it and learn from it as I did.

Mr. Arnott

At this time, I would proffer the name of Mr. Gillies for vice-chairman of the committee.

Mr. Chairman: We have the nomination of Mr. Gillies as vice-chairman.

Mr. Harris: He has also waged a very active campaign.

Mr. Chairman: Are there any further nominations? There appearing to be none, I declare Mr. Gillies vice-chairman of the committee. Congratulations.

Mr. Gillies: Thank you, Mr. Chairman.

Mr. Chairman: Do you have any comments, Mr. Gillies?

Mr. Gillies: I did not spend as much on my campaign because that job does not pay.

Mr. Chairman: Moving along. On the agenda this morning we have safety associations and we have G. F. Donaldson, who is the president of the Industrial Accident Prevention Association, Mr. Manne, the first vice-president, and Mr. Johnston. I wonder if those gentlemen could come forward, please, and as well, Dr. Robert Elgie, the chairman of the Workers' Compensation Board.

SAFETY ASSOCIATIONS

Mr. Philip: Mr. Chairman, may I ask our guests where Mr. ^{Finlay} ~~Finlay~~ and Mr. ~~Oldham~~ are this morning and why they are not here?

Mr. Chairman: I am advised they are present, apparently. Is that correct?

Mr. Donaldson: ^{No,} ~~??~~ If they are not; they are back minding the store.

Mr. Philip: The store is here this morning. Would it be possible for you to call them and ask them to come down here so that we might ask them some questions?

Mr. Chairman: Do you have any problem with that, Mr. Donaldson? Can someone contact and see if they can come?

Mr. Donaldson: I can contact them. I know we have a meeting in Orillia this evening and I am not sure whether Mr. ~~Finlay~~ ^{Finlay} has taken off for that meeting or not.

Mr. Chairman: If you can, we would like you to make the effort.

Mr. Donaldson: Yes.

Mr. Chairman: For the purposes of the record, could you identify yourselves individually and your roles?


Mr. Donaldson: Yes. My name is Fred Donaldson. I am president of IAPA and I am manager of loss prevention and security for ~~Microtel~~ ^{Microtel} Ltd.

Mr. Manne: I am ^{Corry} ~~Corry~~ Manne from ^{PPG} ~~BPA~~, I am first past-president of ~~the~~ ^{the} IAPA and I am plant manager at Clarkson.

Mr. Johnston: I am Ron Johnston from ?? Canada, Orillia, Ontario. I am second past-president of IAPA.

Mr. Chairman: I think everyone knows --

P-1015 follows



(Mr. Manne)

Industrial Accident Prevention Association, and I am plant manager out at Clarkson.

Mr. Johnston: I am Ron Johnston from Dorr-Oliver Canada, Orillia, Ontario. I am second past-president of IAPA.

Mr. Chairman: I think everyone knows Dr. Elgie. You indicated you would like to make some opening comments ^{to} ~~to~~ provide an overview.

Dr. Elgie: With the committee's permission, I want to give a background to the issue that is before you to add to your understanding of the matters you are looking at. There will be copies of this statement available in a few moments for you. I apologize they are not here already.

Mr. Chairman and committee members, over the next few weeks you will be considering the role, functioning and funding of the accident prevention associations. As chairman of the Workers' Compensation Board, the agency responsible for funding health and safety education in Ontario, I felt it would be appropriate and useful to the committee for me to provide you with the history and background of health and safety education in the province.

First I will address the legislative basis for the accident prevention association's health and safety education programs. I will then detail the steps which have been taken by the board and the Ministry of Labour to review the role and operation of the safety associations. Finally, I will set out what the board is doing now to improve the efficiency and effectiveness of safety education in Ontario.

The legislative basis for the nine accident prevention associations extends back to the very origins of the workers' compensation system in Ontario. Since 1914, the Workers' Compensation Act has always provided for the voluntary establishment of accident prevention associations by employers with the approval of the board and the Lieutenant Governor in Council. The present wording of section 123 of the act empowering the creation of these associations dates back to 1964. The purpose of the associations is education in accident prevention. The responsibility for the administration of other matters relating to occupational health and safety rests with the occupational health and safety division of the Ministry of Labour.

There are nine associations established under the act. The nine are: the Electrical Utilities Safety Association, founded in 1914; the Forest Products Accident Prevention Association, founded in 1915; the Pulp and Paper Makers' Safety Association, founded in 1915; the Industrial Accident Prevention Association, founded in 1917; the Construction Safety Association, founded in 1929; the Mines Accident Prevention Association, founded in 1930; the Transportation Safety Association, founded in 1942; ~~and~~ the Farm Safety Association, founded in 1973; ~~The Health Care~~ Occupational Health and Safety Association, ~~was~~ founded in 1971. In addition, since 1969, the Colleges and Universities Safety Council of Ontario was founded and funding was commenced to that organization in 1974.

Over the past 72 years, the role and operation of the associations have been reviewed as part of three royal commissions: one was by Mr. Justice Roach in 1950, by Mr. Justice McAndrew in 1961 and Dr. Jim Ham in 1976. I do not

(Dr. Elgie)

intend to review these commission reports but, suffice it to say, they all saw an important role for the accident prevention associations in the field of occupational health and safety.

History shows that the role and operation of the associations have come under critical scrutiny from time to time. I want to take a moment to share with you the most recent events which have led to major changes with regard to the accountability of the associations to the board and steps to improve their operational efficiency and effectiveness.

In 1979, the then and current deputy minister, Tim Armstrong, and I, as the then Minister of Labour, determined that a review of workers' compensation legislation in Ontario was needed. Professor Paul Weiler was retained to review and recommend improvements to the compensation scheme in Ontario.

At the same time, the Advisory Council on Occupational Health and Occupational Safety commenced a detailed study of the role of the associations. Following consultations with Mr. Armstrong and myself, the advisory council, under the chairmanship of Dr. Fraser Mustard, assisted by able representatives of labour and management, undertook extensive consultations with all the accident prevention associations.

As a result of this appraisal, in 1981 the council submitted a report to me, as Minister of Labour at that time, on the accident prevention associations. I would like to emphasize that this report represented the views of members of the council at the time which comprised broad representation from labour and management, as well as the public.

10:20 a.m.

At the same time the council made several recommendations which were worthy of serious consideration. As Professor Weiler was at that time continuing his review of workers' compensation legislation, the then Minister of Labour, (Mr. Ramsay), and his deputy decided that Mr. Weiler would be in the best position to consider their advice. That advice...

P-1020 follows



(Dr. Elgie)

~~...which comprised broad representation from labour and management as well as the public.~~

At the same time, the council made several recommendations which were worthy of serious consideration. As Professor Weiler was at that time continuing his review of workers' compensation legislation, the then Minister of Labour (Mr. Ramsay) and his deputy decided that Mr. Weiler would be in the best position to consider their advice. That advice was referred to Professor Weiler for his consideration.

After receiving the recommendations from the advisory council in 1981 and by the time we received Paul Weiler's second report in 1983, the board had already begun a process to review and make recommendations on all aspects of the board's relationship with the safety associations.

In April 1982, the board approved a policy identifying key objectives regarding health and safety education in the province. Briefly and by way of summary, the board resolved:

1. to establish its authority and responsibility for safety education in the province;
2. to ensure universal accessibility to education and training programs to all workers; and
3. to ensure a meaningful role for labour at all levels of safety work.

Moreover, it was the expressed wish of the board to establish administrative procedures relating to policy, effective budgeting and cost control as well as program efficiency and effectiveness.

In 1982, Douglas Hamilton was appointed by the board to develop the structure and working relationships necessary to implement that policy. The conclusion reached by Mr. Hamilton was that the Workers' Compensation Board required a vehicle to improve the delivery of health and safety education programs as provided through the safety associations.

Accordingly, in July 1984, the board established the Occupational Health and Safety Education Authority comprised of representatives of organized labour and management and a chairman acceptable to both parties. A joint policy review board, consisting of six representatives from labour and six from management, was also established to provide guidance and advice to the OHSEA.

The OHSEA is the structure through which the board exercises authority over the approval and control of budgets, and ultimately the programs of the provincial safety associations and the Ontario Federation of Labour's Occupational Health and Safety Resource Centre for Ontario workers.

In keeping with the board's objective to assure a more meaningful role for labour, the OFL's safety and health centre is now funded out of revenues collected by the board from Ontario industry. Since 1978, this OFL program has been funded through the ~~Provincial Lottery Corp.~~ But in 1984, the Workers' Compensation Act was amended to permit funding for organizations other than safety associations, and those revisions were promulgated in 1985.
provincial lottery fund.

(Dr. Elgie)

As a result of that amendment, I am pleased to report that in 1986, the board was able to provide the Ontario Federation of Labour with \$1.7 million to meet its program needs with the expectation that additional monies will be available as new educational and training programs are identified and developed.

For the information of the committee, I would like to set out what the board is doing now to improve the efficiency and effectiveness of safety education in Ontario.

As I mentioned, one of the key objectives of the board is to ensure that health and safety education and training are available to all workers. In this regard, and in addition to the work being carried on by the Ontario Federation of Labour centre, the OHSEA in consultation with the Ontario Municipal Water Association and the Ontario Municipal Administrators Association has launched two experimental safety and health programs for employer groups not previously covered. The two programs are relying on the co-operation of the various safety associations for professional sport.

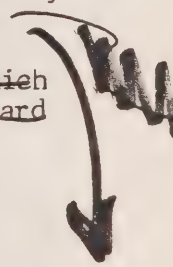
Furthermore, discussions are presently underway between the OHSEA and Tourism Ontario which is the umbrella organization representing a significant part of Ontario's work force.

The legislative requirements in our act for financial audits have been met. Nonetheless, the Workers' Compensation Board has initiated an extensive review of the accountability and control procedures over the budgets allocated for health and safety education.

In this regard, one year ago, the OHSEA and the WCB's internal audit department jointly commenced comprehensive operational audits of the safety association. The purpose of these audits is to confirm that programs planned by the associations have been carried out according to their budget proposals.

~~At the same time, the OHSEA has developed a budget review process which culminates in the proposed annual budgets being placed before the WCB's board of directors.~~

P-2707 follows



(Dr. Elgie)

~~by the associations, had been carried out according to the budget proposal³~~

At the same time, the Occupational Health and Safety Education Authority has developed a budget review process which culminates in the proposed annual budgets being placed before the Worker's Compensation Board's ^{board} of directors for final approval after review and acceptance by ~~the~~ OHSEA.

The next step in this process is the development of a proposal for evaluating the effectiveness and appropriateness of all health and safety education, training, and advertising programs funded under the Worker's Compensation Act. On behalf of the board, I have asked Bob Bucher, who is here with me today, to submit this proposal and a timetable for completion of this program by the end of July. Mr. Bucher, chairman of the OHSEA; John Ridout, the OHSEA's representative from industry; and Stewart Cooke, the representative for labour are present today and are available to answer any questions that members may have.

Mr. Donaldson: I am here today as a volunteer president of the Industrial Accident Prevention Association. It is my desire to fulfill the duties that were expressed in the letter that invited me here today; that is, to assist in this hearing in taking a look at the effectiveness of the safety associations. I wish to do that to the best of my ability. I am sure that there are questions for which I do not have answers, but we will be pleased to do our best in putting together any information that is necessary to answer those questions.

In ^{the} light of the fact that there is an ongoing audit, I am sure that the development of that audit will clarify many points. It is appropriate that you know my mindset in being involved in health and safety and in taking on the position of president of IAPA. I am turned on to the moral side of health and safety. Since being involved in IAPA, I have been impressed by the excellence of that organization and ~~their~~ ^{its} dedication to preventing accidents in the work place. I believe that every child has a right to the security of having his father or mother returning home from his or her place of work every day safe and healthy. That is where I am coming from.

I wish to co-operate in every way that I can with the ^{hearing} ~~bureau~~. I am looking for your help and guidance because, though I hate to admit this, it is the first time that I have had the opportunity to visit this building and I have never been at one of these hearings before. I am looking for your guidance to help me assist you.

Mr. Philip: Why is it that Mr. J.V. Findlay, the general manager, the person who would be most capable of answering our letters, has taken a powder on this committee?

Mr. Donaldson: I read the letter that was addressed to me ~~and~~ requesting me to come here. I did just that. I asked Mr. Findlay to carry on with his duties at the office. I felt ~~that~~ I was ^{one} ~~that~~ ^{the} was requested, along with my colleagues as officers. ^{who}

Mr. Philip: You just admitted that there are probably many questions that you cannot answer. Why would you not bring the general manager to assist you?

jf *SL*

P-1025-2

9

June 4, 198

10:30 a.m.

Mr. Donaldson: I was guided by the thought that ~~some guidance would~~
~~come from this hearing and we would be able to get information for you and~~
also by the fact that there is an audit going on at the moment.

Mr. Chairman: A request was made at the outset by Mr. Philip to see
if--

P-1030 follows.

(Mr. Donaldson)

--some guidance would come from this hearing and we would be able to get information for you, and also ~~by~~ the fact ~~that~~ there is an audit going on at the moment.

whether Mr. Chairman: A request was made at the outset by Mr. Philip to see if Mr. ~~Findlay~~ ^{Findlay} would be available. Have you had any success?

Mr. Donaldson: The word ~~that~~ I have received back is that he has gone to a ~~class~~ ¹⁶ meeting of the directors of the ~~Rubber, Leather and Tanners Association~~ ^{Leather, Rubber and Tanners Accident Prevention Association}.

Mr. Chairman: What about the other gentleman whose name was mentioned?

Mr. Donaldson: He is with him.

end day Mr. Gillies: Certainly, we can ^{continue to} ask the gentlemen who have appeared ^{this morning} some questions, but I would think ~~that~~ we may want to have another meeting when Mr. ~~Findlay~~ ^{Findlay} can appear. I have to concur with my friend, Mr. Philip, that he is in charge of the ongoing operation of this organization and would ^{probably} be best able to answer our questions.

many of Mr. Martel: It blows my mind that we start ~~out~~ this whole process without the people who are involved in the ongoing, day-to-day operations. I have listened to Mr. Donaldson's statement about the great concern. I do not dispute his great concern, but one might not want to know why, ~~it is that~~, in the Industrial Accident Prevention Association, which represents massive numbers of workers, there are 50,000 orders issued in the confrontation between labour and management, more than in any other sector.

The people who are responsible, not only for the ongoing programs but ^{for} the operation on a day-to-day basis, decide ~~that~~ they will not be here on the first day of an enquiry. That is indicative of the attitude that prevails. If I might give you an example of what I mean, in the Toronto Star the other day, ~~light was made of an article that appeared and~~ ^{and it was made light of} my leader gave to the Minister of Labour (Mr. Wrye) in the Legislature ^{and it was made light of} the minister made comments. Here you have an association, ^{and it was made light of} I would presume it is the ^{same one} whose "sexist joke backfires," and the Minister of Labour and the leader of my party appear ~~to be~~ ridiculous because this is merely a joke.

according to the Star,
we are told: "It happened when Rae rose to demand why a sexist magazine ad showing a woman pulling her skirt up and exposing her bare leg while an official of the Industrial Accident Prevention Association points to a small bandage, was approved by the ministry. Wrye replied, 'Let me say I personally resent this kind of ad. I trust it will not happen again.' Told later the ad was a fake..."

I would like to know where the idea ^{that} the ad was a fake came from. Was it the Minister of Labour who thought it was a fake, or was it the Industrial Accident Prevention Association that said it was a fake? I took the time to contact the magazine where this appeared, the year it appeared, to find out if the ad was paid for and what ~~the~~ ^{its} cost of this ad was. It is \$575 in today's terms, almost the same as 1981. Does the IAPA run fake ads or joke ads? Is that a fake ad that appeared in this magazine that the IAPA paid for?

was

Mr. Donaldson: I am afraid ~~that~~ I am not involved in the advertising portion. I am not an expert in that area.

However,
Mr. Philip: ~~But~~ the person who is, Mr. Oldham--and his picture appears in that ad--decided not to come today.

Mr. Martel: Maybe you could tell me who ~~it is that~~ told the papers ~~that~~ the minister did not know what he was talking about, nor Bob Rae, that this was a fake ad. Does ~~that~~ look like a fake ad? *did*

Mr. Donaldson: I really do not know the answer to these questions. We would be more than pleased to try ~~to~~ get that information for you.

publication
Mr. Martel: The byline on the anniversary issue of the Toronto Press Club, April, 1981: somebody paid for it; ~~the minister~~ *surround me* is made to look like a clown, and so is my leader, by someone who says this is a fake ad. I ~~would like~~ *want* to know what is fake about it. I have seen some fake ads, and I want to know ~~if~~ *whether* this is ~~fake~~. *fake* That is why we needed the chief spokesman for the IAPA to be here, and ~~to decide whether to go forward~~

I have seen
Mr. Philip: ~~I would like to know if you have reached out to him on his way? Have you pulled Lindsay and Oldham out of that meeting?~~ *Are they with him?*

before right
Mr. Manne: We are trying to find out now.

Mr. Martel: If you know where the meeting is, how difficult is to find them? There is obviously a telephone number. You can reach them by phone. It is not all that far. Where did you say the meeting was?

Mr. Manne: I am not sure where the meeting is. I called the office.

P-1035 follows.



ing *Sw*
(Mr. Martel)

P-1035-1

12

June 5, 1986

he decided he would go somewhere else.

Mr. Philip: Have you reached ~~him~~ ^{them? Are they on their way?} Is he on his way? Have you pulled both ~~Findlay~~ and Oldham out of that meeting?

Findlay
Mr. Manne: We are trying to find them right now.

Mr. Philip: If you know where the meeting is, how difficult is it to find somebody ~~at a meeting~~? There is obviously a telephone number. You can reach them by phone. It is not all that far. Where did you say the meeting was?

Mr. Manne: I am not sure where the meeting is. I ~~just~~ called the office.

Mr. Polsinelli: It looks like we are not going to get any ^{here} place today. This committee is seriously concerned about the Industrial Accident Prevention Association. We want to get to the bottom of some very serious questions. I think we should adjourn these proceedings, reschedule them, and ensure ~~that~~ ^{Findlay} Mr. Findlay is here when we deal with this matter.

I do not want to go through a whitewash today. I do not want to go through a situation where we have generalities, ^{and} where you are going to get back to us ^{this}, that and the other thing. I want answers; Mr. Philip wants answers; our committee wants answers. I think we should adjourn and reschedule it.

Mr. Philip: ~~Just~~ Before we adjourn, can you call the office and find out now whether or not Mr. ~~Findlay~~ and Mr. Oldham have been located and how long it will take them to get here? Can you report back to us on that in five minutes?

Findlay
Mr. Manne: I will try.

Mr. Chairman: Before you do that, let us carry on this discussion ~~as of~~ the time it is going to take to get those gentlemen here. It is already going on to 11 o'clock. Mr. Polsinelli has made a valid suggestion whether it is appropriate to carry on today and whether we can really accomplish anything. I would like to hear the comments of the remaining members of the committee before we make a decision ~~and~~ ^{to} start running around looking for these gentlemen.

Mr. Pope: Subject to what my boss says, I appreciate the fact ~~that~~ you are volunteer people, ~~that~~ you are not being paid, ~~that~~ you have given of your time to serve the Industrial Accident Prevention Association and your industry. I think you deserve to be commended for that. My problem is that I think you should resent the way you have been sent here. I think it is very unfair to you. You are not involved in the day-to-day work of this association, ^{but} you are committed to it. You are trying your best to do a good job on a volunteer basis.

We have some questions about the day-to-day operations, not about your commitment to it and ~~not about~~ your volunteer services, which are deeply appreciated by everybody, including this government and the Legislature. We have some questions about the day-to-day operations and some decisions you may not hear about. I feel sorry for you ~~and~~ you have been sent here to face all of us today without the paid staff.

Although my friend, the member for Brantford (Mr. Gillies) may overrule me, from my ~~own~~ point of view, I have to agree with my colleagues. I think we should get the others here. Maybe you will want to sit in as well at that time, but I do not think it is fair to you or to us. I think we will just go around the issues. I want to talk to Dr. Elgie in any event.

Mr. Epp: I regret very much that we have wasted all this time this morning in trying to get the proper people here. It is an affront to the committee for the people who are ultimately responsible for the day-to-day workings to absent themselves from this hearing. I think it is disgraceful. I think they owe an apology to the committee and to the Legislature of this province. It is typical of what we have heard in the past from this organization. If at least half of what we have heard is true, then it seems to smack of an arrogance that should not be tolerated in this province. I think we should adjourn and reschedule the hearings for next week.

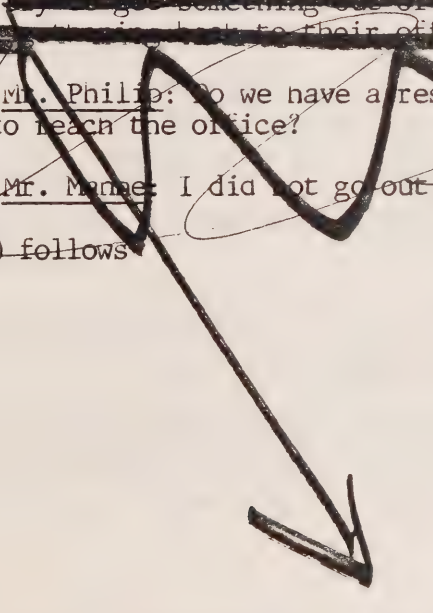
10:40 a.m.

Mr. Gillies: I share the frustration and the displeasure ~~that~~ I have heard from every member who has spoken. I ~~was going to~~ question whether we should adjourn, because we have assembled all these people, a number of whom I ~~see would be~~ ^{are} on the public payroll. I wonder if we should take the hour and at least ~~try to get something out of this hearing as opposed to the~~ ~~negotiating with them back to their offices.~~

Mr. Philip: Do we have a response now from your office? Were you able to reach the office?

Mr. Mamer: I did not go out. I was asked to wait.

P-1040 follows



try to get something out of this hearing, as opposed to dispersing this august gathering back to their offices.

Mr. Philip: Do we have a response now from your office? Were you able to reach the office?

Mr. Manne: I did not go out. I was asked to wait.

Mr. Chairman: I am in the hands of the committee ~~about~~ how you want to proceed on this. We do have these gentlemen here. They are volunteers. There may be some information we can glean from them.

Mr. Martel: Like my friend, Mr. Gillies, I would not mind talking to the board regarding the whole problem of accidents. They are here. There has been a significant increase in accidents in this province of 24 per cent in two years, 40,000 ~~per~~ year. Sooner or later, somebody will have to try to get a handle on it. A good place to start might be with the chairman of the board and the Deputy Minister of Labour, because this slaughter has to end.

Mr. Polsinelli: We are here today to look at the Industrial Accident Prevention Association. I do not want to go off on a million tangents. I want the focus of this committee to be direct.

Mr. Chairman: Mr. Polsinelli moves that we adjourn these proceedings to another time and that the committee request the presence of Mr. Findlay at the appropriate hearing.

We have a motion on the floor to adjourn. You have heard it. As I understand, it is not debatable. All in favour of the motion as moved by Mr. Polsinelli? Opposed? It is a tie vote, and I am going to vote against the motion. These gentlemen are here, and we may have an opportunity to glean some information from them and make this a somewhat worthwhile day for them, since many of them have travelled some distance.

Mr. Philip: I would like to carry on then, since we are on the topic. I want you to understand, Mr. Donaldson, that it is not you personally with whom we are angry. I echo some of the sentiments of Mr. Pope.

I would like to ask you a question that relates to the style. While we may not be talking about a lot of money, I think it says something about the style of this organization. Have you had your portrait painted?

Mr. Donaldson: I have not.

Mr. Philip: Can you tell us which portraits are now hanging in the Industrial Accident Prevention Association?

Mr. Donaldson: I understand ^{they are of} ~~it is~~ the four most recent general managers of the association.

Mr. Philip: Can you tell us what the cost of those portraits was?

Mr. Donaldson: I am afraid I do not have that figure.

Mr. Philip: Can you tell us what the commissioning of ~~the~~ portraits of those four gentlemen has to do with safety in this province?

Mr. Donaldson: I suggest ^{that} these portraits are charcoals. I myself find them to meet the modest furnishings of the offices of the IAPA.

Mr. Philip: I wonder if we can talk about the furnishings. How many boardrooms do you have?

Mr. Donaldson: Four, I believe.

Mr. Philip: Can you give us the address of the present location?

Mr. Donaldson: The address is 2 Bloor Street West.

Mr. Philip: Can you tell us when you moved into that location?

Mr. Donaldson: In 1984.

Mr. Philip: Were you involved in any way in the negotiations for the rental of those premises?

Mr. Donaldson: Not directly.

Mr. Philip: I assume Dr. Elgie was not involved directly. Were either of you two gentlemen involved?

Mr. Johnston: Not directly.

Mr. Donaldson: Not directly.

Mr. Philip: ~~But~~ ^{However,} you were on the board that approved it at the time, ^{were you not?}


Mr. Donaldson: Yes, we were.

Mr. Philip: So you were aware of any cost comparisons, any searching for locations?

Mr. Donaldson: Yes.

Mr. Philip: Are you aware that space larger than 2 Bloor Street West was available at considerably less cost at the time ~~when~~ you decided to move into 2 Bloor Street West?

P-1045 follows



(Mr. Philip)

~~larger than 2 Bloor Street West was available at considerably less cost at the time in which you decided to move into 2 Bloor Street West?~~

Mr. Donaldson: There was a task force appointed to search out and save dollars, which we did, in the move. As I understand it, the accommodations in question would not fulfil the requirements we had and we could not even be guaranteed a time frame that we could be able to stay in those accommodations.

Mr. Philip: Can you tell us the location of those accommodations?

Mr. Donaldson: Not off the top of my head.

Mr. Philip: Would it be 60 Bloor Street West?

Mr. Donaldson: I believe that is correct.

Mr. Philip: It is 60 Bloor Street West. Would you confirm that there was actually roughly a third more floor space available there than was available at 2 Bloor Street West which you eventually rented?

Mr. Donaldson: I can neither confirm nor deny that. I do not have all the particulars of that situation.

Mr. Philip: Can you confirm that the 60 Bloor Street West was offered at about 50 per cent less of the cost of what you ended up starting to pay in 1984 at 2 Bloor Street West?

Mr. Donaldson: I cannot confirm nor deny that figure. It would have to come forward during the audit.

Mr. Philip: It could have come forward, as Mr. Findlay--

The comparisons are available here. In your own financial statement we had six alternatives and 60 Bloor Street West offered a full floor area of 17,360 square feet as compared to 13,715 square feet at 2 Bloor Street West. The gross rate per square foot at site 3, namely 60 Bloor Street West, was \$15.53 per square foot plus hydro as compared to \$25.69 per square foot plus hydro at 2 Bloor Street West. The building at 60 Bloor Street West was 12 years old and it would be sublet from the government of Ontario. How can you tell me there would be somehow less tenure or security at 60 Bloor Street West when the very ~~person~~ ^{body} you were renting from was the government of Ontario ~~who~~ had an interest in supporting your organization?

Mr. Donaldson: Not being a member of the task force that looked into the change of accommodations, I am not in a position to answer all those details.

Mr. Philip: I want to get into that in more detail with some of the other people when they eventually arrive. One particular area I want to explore with Mr. Oldham is expense accounts.

Mr. Chairman: Before you move off that subject, Mr. Polsinelli has one quick supplementary.

Mr. Polsinelli: Mr. Donaldson, the non-answers we have had so far just sustain my motion that we are just sort of playing games today. Perhaps you can answer on a philosophical note, why your association needs space downtown and not perhaps outside of the downtown core where leases and rents are a lot cheaper?

Mr. Donaldson: Anything I would say would be truly my own opinion. If that is what you wish, I would be glad to venture that.

Mr. Polsinelli: I am interested in your opinion and your association's opinion.

Mr. Donaldson: Under my presidency, if I were looking at it right at the moment, I would find it a very appropriate place. It is in the same building as the board offices.

10:50 a.m.

Mr. Polsinelli: I am not talking about your present locations, and how they can accommodate you, but I am merely suggesting that rentable space outside of the downtown core is probably a lot cheaper than at Yonge and Bloor. ~~Why can you not move to Lawrence and Yonge or some place on the subway line~~

~~P-1050-1 following~~



(Mr. Polsinelli)

~~present locations and how they can accommodate you. I meanly~~
~~side of the~~
~~Why can you not move to Lawrence and Yonge or some place~~
along the subway line where you may be able to find suitable accommodation at a much lower price?

Mr. Donaldson: We are talking about my particular thoughts on it, and I believe we should be downtown where the transportation system is and close to the board, of course, this facility, ^{and} anyone with whom we have relations ~~with~~.

Mr. Philip: Mr. Polsinelli makes an excellent point. Would you not agree that ~~for~~ most of the industries you inspect, your facilitators will travel by car, and ~~that~~ being located closer to the 401 ^{would} make you more readily accessible to industries throughout the province and, indeed, to the industrial centre of Metro?

Mr. Donaldson: We are talking about the head office operation.

Mr. Polsinelli: Sir, we are not talking about the head office of a major corporation that requires a downtown office location for status; we are talking about a safety association that is out there providing a service.

Mr. Philip: You are not the Canadian Imperial Bank of Commerce.

Mr. Donaldson: We have diversified our operations throughout the province into five areas, so we have the offices and the facilities that deal with the workers spread out through the province to facilitate that ~~point~~.

Mr. Philip: ~~Maybe~~ Mr. Polsinelli may be correct. I have one last question. As the president of this organization, do you review the expense accounts of the officers? ~~of this organization?~~ Do you review Mr. Oldham's expense account and Mr. Findlay's expense account?

Mr. Donaldson: Sir, the answer to that is yes, I will be. I am the new president there, and ~~that~~ certainly will be one of my foremost actions to do that. I do that with my own staff.

Mr. Philip: Has that been done in the past?

Mr. Donaldson: Most certainly. I believe it has.

Mr. Philip: Can you tell me, for example, when Mr. Oldham submits a bill for lunch at the Press Club or at Dooley's, which ~~as~~ I understand ~~it~~ he frequents, would he list whom he took to lunch and what the purpose of that luncheon meeting was?

Mr. Donaldson: I have not had the opportunity to see an expense account. ~~that has been~~ It has not happened in my tenure. I can tell you that I will have that type of detail when I deal with anyone's expense account.

Mr. Chairman: ~~Perhaps~~ Perhaps that could be directed to Mr. Manne.

Mr. Philip: I will redirect it to Mr. Manne then.

Mr. Manne: I signed Mr. Findlay's expense accounts. I have not seen Mr. Oldham's, so I cannot comment.

Interjection: May I ask a question?

Mr. Philip: Just one last one to you, sir. Are Mr. Findlay's expense accounts specific? If he has a luncheon or dinner meeting and turns in a bill for \$50, does it state with whom he had lunch or dinner?

Mr. Manne: In the expense accounts that I have signed, they have conformed to the normal expense accounts I sign for the people in my own company. Yes.

Mr. Philip: In your own company, do you have on an expense account what the money was spent for, who was entertained and who the meeting was with?

Mr. Manne: Yes, sir.

Mr. Philip: Can you confirm that if the auditor looks at Mr. Oldham's or Mr. Findlay's expense accounts, he will find the details of who had lunch and for what purpose?

Mr. Manne: I believe Mr. Findlay's accounts are all in order. Yes, sir.

Mr. Philip: There were some \$12,000 spent on memberships last year. Can you tell us what organizations the officers belong to that runs up a bill or \$12,000? You have only 200 employees. I assume 60 per cent are of a secretarial, stenographic or support-staff nature. How do you run up a bill of \$12,000 in memberships? My own memberships in professional organizations this year come to something like \$250 which, incidentally, I pay out of my own pocket, and not out of the taxpayers' pocket. Can you tell us what organizations you are paying for?

Mr. Manne: I am sorry, that I cannot.

~~Mr. Philip: If you examine Mr. Findlay's expense accounts, these expense accounts if it is \$12,000 being spent then Mr. Findlay is the chief general manager of Industrial Accident Prevention, and would~~

P-1055 follows



June 5, 1986

Mr. Philip: If you examine Mr. Findlay's expense accounts, surely in those expense accounts if there is \$12,000 being spent, then as the chief general manager of IAPA Mr. Findlay would have some memberships. Can you tell us which memberships, clubs or organizations he belongs to that he is charging to the IAPA?

Mr. Manne: I am afraid I am going to have to do some checking on that. I cannot tell you right offhand.

Mr. Philip: You have reviewed his expense accounts and you cannot remember. From your own knowledge, you do not even know what professional organizations he belongs to; the chief officer of your organization?

Mr. Manne: Not in the professional organizations.

Mr. Gillies: Can I have a supplementary?

Mr. Chairman: Mr. Martel has a supplementary.

Mr. Martel: You just pay for Mr. Findlay's membership to clubs, or do you pay for membership for a whole variety of people in your organization to a variety of clubs, such as the Military, ~~and~~ down here on University Avenue?

Royal Canadian

Institute

Mr. Manne: I cannot answer that. I do not know.

Mr. Martel: Let me ask you one other question with respect to expenses. When people travel representing the IAPA to places like Atlanta, Florida and Europe, does the IAPA pay for their spouses' expenses as well?

Mr. Manne: I have not been involved in any of those in the past year that I can recall.

Mr. Martel: I am told, but I am told there have been a number of largely attended junkets by representatives of IAPA to a whole variety of places in the United States and Europe. I have no way of proving, that as high as 12 members from the IAPA, ~~together with their spouses~~, might have gone to Florida ~~and~~ with their spouses. I do not know if that is true, but I would like to know if the information I have is correct: that the spouses' accommodation and transportation was all paid out of IAPA funds.

You are the past-president. I just heard you say to Mr. Philip that you checked the accounts, ~~and the 92~~. I will be quite frank. I do not think you have checked anything--I do not mean you--as an association or the Workers' Compensation Board; maybe now in the past 12 months. I think you have had your money in the form of a boondoggle. You have submitted bills without receipts--maybe I am wrong and I will apologize if I am wrong--and have simply received money from the Workers' Compensation Board for the past 25 or 30 years.

Mr. Manne: I do not know if I can answer that question directly, because I think our books are being audited.

Mr. Martel: No, I did not say your books are being audited. I said that you did not submit receipts; you submitted account bills for which bills were paid ~~and~~ without receipts. I do not know if that is factual or not. That is what I am trying to get at. Did you submit receipts for your \$14 million expenditure last year?

Mr. Manne: With the audit and the committees that are involved with the finances, I would submit that we will come up with the answers that are required.

Mr. Martel: You do not know if you submitted bills?

Mr. Chairman: Order. Mr. Martel, we have allowed enough latitude here. I am going to allow Mr. Epp one quick supplementary.

Mr. Epp: In preparation for this meeting, which has been reported in the newspaper, and you have obviously had the advantage of Hansard and so forth, did you people at all get together and decide that you had certain questions that you had to answer and you were going to try to get the answers for them, or did you decide you were not going to get any answers for us? Can you answer that for me, because I would have thought that some preparatory work would have gone into your presentation before the committee. I am just dumfounded with respect to the complete absence of any knowledge or answers that might be forthcoming. I just cannot believe that you gentlemen, who are intelligent ~~Ontario~~ Ontario people who are very successful in your own business, do not know what is going on.

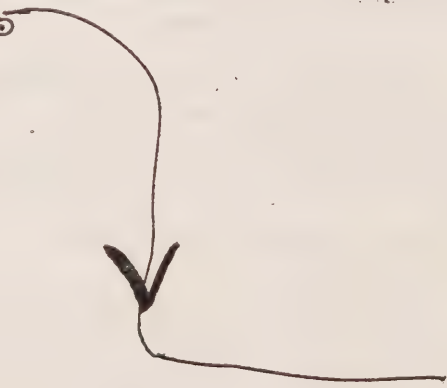
Mr. Donaldson: As I said in my opening remarks, in which I am very sincere, we need guidance in this. We have never been to one of these hearings and really did not know what to expect. I cannot--

Mr. Epp: I understand you are a volunteer and I appreciate the work you are doing. Just two seats down from you is Mr. Elgie who is a veteran member of this Legislature. All you had to do was call Bob up and say, "Bob, what can you do for us?" ^{tell us} What is before the committee? How do we prepare for this hearing? Obviously we are going to be on the grill. We are going to be questioned. Surely to goodness you know enough to call. I am sure Bob would have been able to tell you.

11 a.m.

Mr. Polsinelli: Gentlemen, you have been hung out to dry. I do not know by whom and I apologize to you for that.

P-1100 follows



~~Polismers~~

~~... enough to call. I am sure Bob would have been able to tell you that.~~

~~... Gentlemen, you got hung up to dry. I do not know by~~
~~... I apologize to you for that.~~

Mr. Philip: What is the relationship of the Industrial Accident Prevention Association to the International ^{Loss} ~~Law Control~~ ^{Institute?} ~~United States Corp.~~

Mr. Martel: I would like to talk to the chairman of the board ^{and the Minister of Labour} ~~I make a judgement~~ before. With the greatest of respect to these gentlemen, we all seem to be coming on strong. I do not think you people can be held responsible. Where you can be held responsible is that Findlay should have had his ass here and not ~~sitting~~ ^{been sent} up there. He is the man responsible, and he said, "yes," quite frankly.

Mr. Donaldson: The only thing I can say to that question is that there is a five-star program that we put forward in the province. I believe that is the organization that provides the international.

Mr. Chairman: All right. Mr. Donaldson, in fairness to Mr. Gillies, I believe he has some questions to direct.

Mr. Gillies: I do. I can just echo what some of the other members have said. I am not sure it is fair to expect you to know the answers to all of these questions but there are some that you may be able to help us with this morning.

The whole question of expenses and memberships causes the committee some concern. We understand that the 1986 budget for your association sets aside \$12,000 for memberships. We also understand that these memberships are to organizations like the Royal Military Institute and the Ontario Club. Can you tell us who ^{holds} ~~owns~~ those memberships in your association? Are they staff members? Are they voluntary officers like yourselves? Where is that \$12,000 going?

Mr. Donaldson: I can tell the committee that it is not the volunteer members like ourselves. I am afraid, there again, I have to show ~~in~~ ^{Canadian} in the audit because I do not know where that is, ~~I do not know~~ if it is a correct figure. I do not know that.

Mr. Gillies: Assuming ^{it is} ~~they are~~ employees of the association ^{who} ~~are~~ holding these memberships, can you tell me, if one of you gentlemen ~~were to~~ ^{were to} invited to lunch by Mr. Findlay or Mr. Oldham, have either of them ever taken you to the Royal Military Institute or the Ontario Club?

Mr. Donaldson: The answer to that, sir, is no, they have not.

Mr. Gillies: The other thing that has me somewhat puzzled is that your budget also shows \$46,000 for legal fees. That is a fairly hefty sum for an association. Surely your lawyer would have offered you some legal advice as to what to expect in preparing for this hearing. Did any of you, or Mr. Findlay, to the best of your knowledge, consult with your counsel before appearing today?

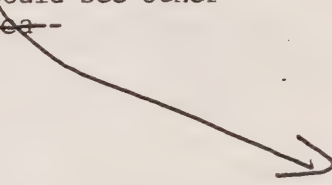
Mr. Donaldson: As far as counsel is concerned I did not feel we should get too involved in counsel. We chose to come and be open, as best we could, to find out where we were going and see what we could do to help the committee.

Mr. Gillies: Let us forget expenses. We are obviously going to have to do all of that with Mr. Findlay. There is one attitudinal question I would like to ask that I really think that, as president, Mr. Donaldson, you can speak to.

In October 1985 one of your past-presidents visited South Africa. Mr. Findlay, in one of your publications, said, "Regardless ~~about~~^{of} how one feels about the South African government's apartheid policy there is no doubt that this country's approach to industrial safety is superior," and so on which, I guess, was the rationale for the visit. This visit was undertaken over the objections of the past Minister of Labour, Mr. Ramsay, over the objections of the past chairman of the Workers' Compensation Board, Mr. Alexander.

The question I would like to ask is simply this: ~~Mr. Douglas, the past president who made the visit, said at the time that he could see other positive and unofficial visits being taken to South Africa --~~

(Tape P-1105 follows)



~~...Mr. Donaldson, is simply this~~ Mr. Douglas, the past president who made the visit, said at the time he could see other positive and unofficial visits being taken to South Africa by members of your association. Is it your intention, as president, that this ever occur again?

Mr. Donaldson: In answer to the question, I would not.

Mr. Gillies: You would not. I take some solace from that. Thank you.

Mr. Epp: As president, will you also recommend to the board of directors that it turn down any request by any member, that he not go?

Mr. Donaldson: It is the stance of the Industrial Accident Prevention Association that no one ever went representing IAPA and that has been so since some time ago, that no one should go to South Africa representing IAPA.

Mr. Gillies: Let us try to nail this down. I am looking at a photocopy of one of your association's publications, a letter over the name of Mr. Findlay, which reads: "Hugh Douglas is well known to safety professionals not only in Canada but world-wide. His dedication to his calling is second to none. Hugh visited South Africa in recent months as delegation leader of a people-to-people program. On May 23, 1985, he spoke to the annual awards program of the National Safety Association of South Africa, before 250 delegates." Cowan

This is reported in your publication. It is commended to your members by Mr. Findlay, but you are now saying that it was not an official visit and that Mr. Douglas was not representing IAPA in making the visit.

Mr. Donaldson: That is correct. It was not an official visit and he did not, in any way, represent IAPA.

Mr. Gillies: Who would have the approval of Mr. Findlay reporting on this visit, in an approving manner, to your association, if it was not an official visit on behalf of your association?

Mr. Donaldson: I believe my colleague has something to say about that.

Mr. Johnston: First, I will start at the end before I answer the first part of the question. The circumstances surrounding this visit--After it was over there were a lot of problems with it in people's minds. I believe at the time that was resolved adequately with the board. The board was told what the situation was and that from an IAPA standpoint the only interest we had in that was the safety aspect that went on during the visit. There were problems with regard to the visit with the board. That was brought to IAPA's attention and I believe IAPA reported back to the board and it was resolved.

Mr. Martel: What worries me about what was just said is that even before the trip started though--Mr. Gillies has put his finger on the nub of the problem, that it is reported in your magazine. Did not Russ Ramsay, the former Minister of Labour, and Lincoln Alexander, the former chairman of the Workers' Compensation Board of Ontario, advise against going to South Africa or anything at all? Both these gentlemen objected to it strenuously and yet

Mr. Martel

Findlay puts it in a magazine that you run. Is it not strange that your board would accept that since the Minister of Labour and the compensation board, which fund your association, indicated clearly before any of this occurred that they objected to it?

Mr. Johnston: To my recollection, the comments were that there was not to be any participation in the visit. That is the way I recall it.

Mr. Martel: But it shows up in your magazine, does it not?

Mr. Johnston: But we did not participate in the visit. I am answering your question.

Mr. Martel: I understand that, but why would it show up in a magazine funded by the province of Ontario through the Workers' Compensation Board? I presume the expenses of this book were paid for by the IAPA, right?

Mr. Donaldson: The way I read the situation, the report was a report of a private individual and it was done in all good faith for the advancement of safety.

11:10 a.m.

~~Mr. Gillies: Let me be very clear. I do not think either Mr. Martel or I am questioning the right of Mr. Douglas as a private citizen to visit South Africa if he wants to. He can go wherever he--~~

P-1110 follows

➤ Mr. Gillies: Mr. Donaldson, let me be very clear. I do not think either Mr. Martel or I are questioning the right of Mr. Douglas, as a private citizen, to visit South Africa if he wants to. He can go wherever he wants and God bless him. The thing that has us concerned is after the stated objections of both the Minister of Labour and the Chairman of the Workers' Compensation Board, the trip was undertaken. Fine, but is then reported in a publication funded by your organization and it can certainly leave the impression, whether it is justified or not, that your association tacitly approves of the visit.

Maybe that is an error in judgement on the part of whoever put together that publication. We will leave it at that. I guess all I want to establish now, and you have given me some assurance on this point, is that Mr. Douglas when he said in the October 1985 issue of your newsletter: "I can assure you that without reservation you have shown the light to 12 people who are committed to returning to Canada and the United States and serving as positive, unofficial ambassadors for South Africa," that,

That is the expression of an individual's opinion and in no way reflects the policy of the IAPA.

Mr. Donaldson: Unequivocally that is an individual's comment. It does not reflect the stance of IAPA. I personally will give you my assurance on that.

Mr. Gillies: I thank you very much. That is all I have right now.

Mr. Philip: If it did not reflect the views of IAPA, why was it printed in the publication by IAPA? Second, as people who I am sure read the newspapers, you were aware of the tremendous amount of embarrassment to this province when a former Ombudsman of this province visited South Africa and with all of the repercussions, the problems, the concerns expressed in the Legislature about that visit. Why on earth, having experienced all of that and reading about it in the newspaper, would you allow that kind of visit to take place in the first place?

Mr. Donaldson: I think I have adequately answered that. IAPA had nothing to do with the visit, sir.

Mr. Martel: How would it appear in the magazine? How would it appear in a periodical paid for by the IAPA? Who had to give approval for that article to appear? It is Findlay himself who wrote the damned thing. This is the article, A Visit To South Africa. Who gave approval for the article in the periodical?

Mr.

Mr. Donaldson: I do not think I am in a position to answer suppositions.

Mr. Martel: It is not a supposition when I asked who allowed ~~for~~ this article to appear in the magazine. That is not supposition.

Mr. Chairman: That is the fifth time the question has been asked.

Mr. Martel: Do you think it is supposition for me to ask? Somebody gave approval. You would agree with that, Mr. Chairman. Somebody gave approval.

Mr. Chairman: There is a pretty clear indication you are not going to get an answer ~~on~~ ⁱⁿ terms of the specifics. Do you have further questions along another line?

Mr. Martel: Yes.

Mr. Chairman: Please proceed.

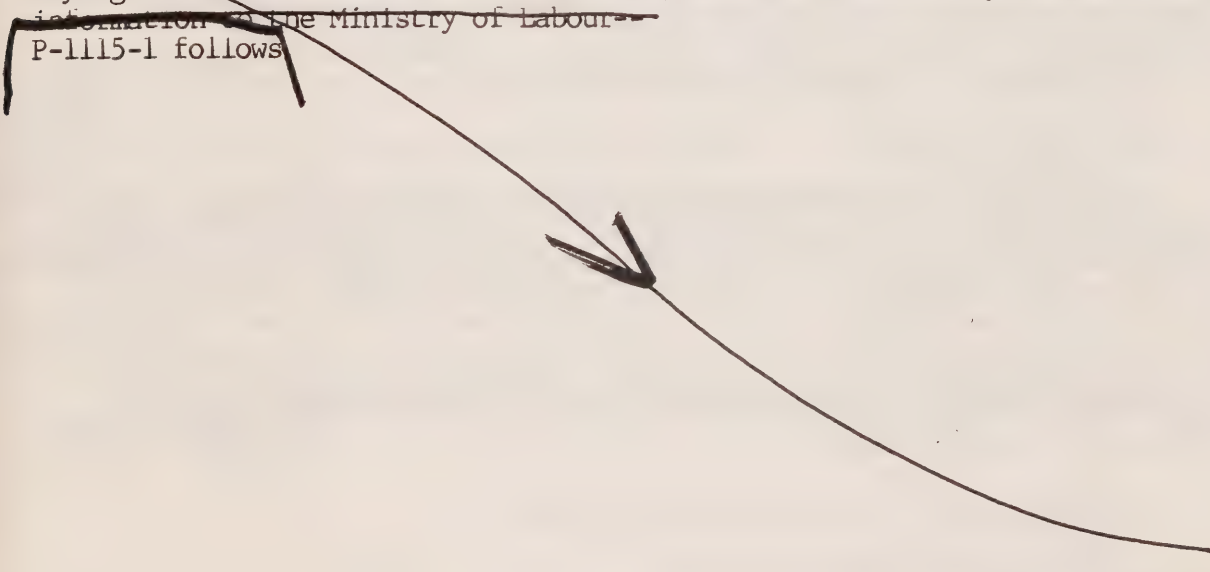
Mr. Martel: I have a concern because somewhere in the material which I presented to the committee and I cannot find the exact page, there is an indication that the IAPA feels it does not have to give material to the Ministry of Labour because it is confidential information. Is that right? Is that the position taken by the IAPA? I am looking for it desperately.

Mr. Donaldson: I do not know what the specific question will turn out to be but initially I would say to you I know of no reason not to give information to the board.

Mr. Martel: Let me quote it then. In an IAPA injury ^{frequency} frequent report, the following warning is on the cover. "This report is distributed by IAPA to participating firms only. It is not to be divulged beyond participants."

In an article in the Kingston Whig Standard, dated February 17, 1986, the media and public relations director of the IAPA, Jack Oldham is quoted as saying: ~~"As far as the IAPA is concerned, we do not reveal any industrial information to the Ministry of Labour."~~

P-1115-1 follows



(Mr. Martel)

~~The media and public relations director of the Industrial Association of Ontario is quite clear.~~ "As far as the IAPA is concerned, we do not reveal any industrial information to the Ministry of Labour or anyone else...It is like an Official Secrets Act, ^{and} it applies to everybody here at the IAPA." Is that not wonderful?

not only I heard you say quite categorically a while ago how concerned you were. The Ministry of Labour funds this. If there are accident statistics and *surely* reports which would help to minimize, reduce, eliminate accidents, ^{that} information should be made available but ~~should be~~ submitted to the compensation board, ~~should be submitted to~~ ^{and} the Ministry of Labour in an effort to reduce accidents. You take the position, through some of your spokesmen, that ^{is} confidential information. What kind of nonsense is that?

Mr. Donaldson: Again, my approach and the approach of my colleagues is that there is not, generally speaking, confidential information. If we can provide any information to the board which will help to reduce accidents in Ontario, we would be more than pleased to co-operate in any way that is reasonable.

No copy of this Mr. Chairman: The paragraph ~~that~~ Mr. Martel is referring to is in this booklet on page 16, under statistics. It reads: "The information is confidential and is only available to member firms on request, whereby it may be used to conduct accident research and result in prevention programs." I think that is what is being referred to. It is part of your book.

Mr. Gillies: If I may have a supplementary--

Mr. Martel: The gall--

No copy of this Mr. Gillies: ~~would the officers of the association--~~ ^{I wonder officers the a would} this is a very general question, but I think it strikes ^{at} the same point, ^{accept} the legal opinion ~~that was~~ given to your association by the law firm of Tilley, Carson ~~and~~ Findlay in 1983, ^{it} which says that "the discretionary nature of the granting process reinforces our view that the funds made available to your association--" ^{are} of a public nature, available in the judgement of a public authority for accident prevention activities carried out under its jurisdiction in the public interest. ^{Yes,} (You do) accept that the funds under which your organization functions are public funds?

Mr. Donaldson: ^{Yes,} I personally accept that.

Mr. Gillies: (You do) accept that?

Mr. Donaldson: Yes, Sir.

Mr. Gillies: What we are getting ^{at} ^{that} here is, if you are a publicly-funded agency, there would have to be reasonably extraordinary circumstances in the normal course of events that would prevent you from making information available to the public.

Mr. Donaldson: Yes, that is why I am having trouble with that. I agree.

Says
Mr. Martel: It ~~is~~ in your own manual that this information is private. It is pretty frustrating. *[Forget where the funding comes from. That does not bother me nearly as much as both your own publication and your spokesman who is never very accurate, anyway. I heard him on television recently commenting on the responses of the Minister of Labour (Mr. Wrye) and he said, "This Labour Relations Act has been in position for the last three years." I think he was talking about the Occupational Health and Safety Act, which has been in position six or seven years. At seven o'clock in the 7 a.m., morning, he was not quite sure what he was saying, but when he represents you that way, you should look around. This is your own man, Oldham, again, in addition to your own manual, telling the newspapers that they do not even give stuff to the Ministry of Labour, if you decide not to. What would be the purpose of that? If I believe what you say at the beginning that you want to reduce accidents, what would be so confidential perhaps if we attack it from that point that you would not even provide the information to the Ministry of Labour or to anyone else, except your own membership of your accident prevention association? Perhaps we can attack it from that point.]*

Mr. Donaldson: ~~I suggest~~ if there is something of that nature, it is going to have to come out in the audit, because I am not aware of it.

Mr. Chairman: Mr. Martel, if you have no objection, Mr. Pope has a question along this line.

Mr. Martel: Go ahead.


Mr. Pope: I was wondering how much you paid for a legal opinion that accepting public funds meant you were publicly-funded?

Mr. Philip: Can you repeat the question?

get the
Mr. Pope: I would like to know how much you paid to ~~have a~~ legal opinion *by* Tilley, Carson *that* if you accept public funds it means you are publicly-funded *which* is virtually the opinion ~~that~~ I asked for? *That*

*nd
day*
11:20 a.m.

~~I have heard that opinion was given by a law firm
that because the~~
P-1120-1 follows



I am not saying this is legally accurate at all. However,
 Mr. Gillies: Because the funding comes from the board, which is
 funded by employer donations, ~~and I am not saying this is accurate legally~~ I
 have heard ^{the} opinion expressed by some employers: "That is not public
 funding, you know. We pay that. That is ours." ~~What we wanted to establish is that~~
~~that posture~~ is not the official posture of the Industrial Accident Prevention
 Association; ~~and~~ you accept this as public funding.

Mr. Philip: May I have a supplementary on that? ~~If I may just quote~~
 to you from ~~Heiler~~. ~~He~~ says, ~~"In the final analysis, I believe that~~
 compensation benefits"--and the same thing could apply directly to your
 organization--"are paid for, not by capital, but primarily by labour; both as
 consumers of high-priced goods and as wage earners in an industry faced with
 increasing labour costs in a competitive world." ^{Do you agree with that}
 statement? Is that not another way of saying it is not industry per se that is
 paying, but the working people and the consumers of this province?

Mr. Donaldson: I am afraid that goes beyond the scope of my
 understanding at the moment.

Mr. Martel: Your association ^{is} ~~has~~ mandated--and I heard the chairman
 of the board say ~~this~~ ^{so} this morning--to teach health and safety, to reduce
 accidents. Why would ~~you need \$46,000 or \$50,000 a year for legal fees in an~~
 organization whose sole responsibility is to try to educate the masses? ~~need~~
~~\$46,000 or \$50,000 a year for legal fees?~~

Mr. Donaldson: I have taken a quick look at the situation, and found
 that in 1984 there was a spike-up in legal fees, which was not normal. In
 1985, it was back to a normal level for us. However, I will venture a personal
 opinion on that from my own industry and from my own experience. We are all
 experiencing an additional cost for legal fees as we become more aware of
 problems becoming ^{more} specific in our organizations. Other than that, again,
 I would have to say ^{the} all those details would come out in an audit.

Mr. Martel: Surely, Mr. Donaldson, in an organization--this is not a
 business organization in the sense of doing business and having legal
 problems. Its function, its mandate, is solely to educate under the section of
 the act. I do not think Dr. Elgie quoted it, but I think I have it here--

Dr. Elgie: Section 123.

Mr. Martel: "123 ⁽¹⁾ The employers in any of the classes for the time ^{under}
 being included in ~~the~~ schedule 1 may, with the approval and ^{control} of the
 board, form themselves into an association....

"(2)...The Board may approve rules of operation."

You prerogative, ~~your~~ your responsibility, your mandate is merely to
 educate. Why does it take \$45,000 a year to do that? Certainly it is not the ~~comm~~
~~and that you run~~, because the ^{commercial} ~~are~~ run by the accident prevention associations
 are scandalous, in most areas, and make the worker appear like a dumb slob all
 the time. It is always the worker's fault if there is an accident. One only
 has to look at every ^{commercial} ~~are~~ run by ~~the~~ construction association, the mining ~~name~~
 any of them ^{it} is the worker's fault. He is a dumb slob.

You can shake your head, but I can quote five ^{(give you) (examples)} right off the top of my
 head. You know the one about ~~the~~ asbestos; ~~and~~ he was dying, if he had only
 known. ~~The one that I watched~~ ^{and} the last hockey game ^{these two dummies were}
 up there ~~putting a thing in an air duct~~, and they only used step ladders. ~~The~~

another one
 during

(installing something)

the Construction Safety Association
 of Ontario;
 the Mines Accident Prevention Association

OK
 Well
 rep
 P. 8

(Mr. Martel)

The other guy was working with a chisel; he did not have glasses on, and the end of the chisel was all frayed. Bloody dummies, these workers, every last one of them.


*Philip**or cord*

Mr. ~~Epp~~: One of them has never seen an electrical socket in his life [^] and an electrical cord.

started

Mr. Martel: They are slighted and they are biased, but let us forget that and we will come back to it. I want to know if somebody who has a mandate to educate spends \$45,000 to \$50,000...
P-1125-1 follows.

~~at a moment~~



(Mr. Philip)

...an electrical socket in his light and a ?? cord.

Mr. Martel: They are slanted and biased, but let us forget that for a moment. We will come back to that.

Somebody who has a mandate to educate spends \$45,000 to \$50,000 a year on legal fees. How is that possible?

Mr. Donaldson: Again, I cannot say that is an accurate figure one way or the other. It will have to be looked at by the auditors.

Mr. Martel: You were really set up this morning. Dr. Elgie told me he got what I said in the House a couple of weeks ago. Did any of you people read what was said in the committee a couple of weeks ago? None of you read it?

Mr. Johnston: Yes, I read it.

Mr. Martel: You read it?

Mr. Donaldson: Yes.

Mr. Martel: Did you think you were coming to an afternoon tea today? This is not a tea party. What did you ~~mean~~^{expect} you were coming to? Did you think we were going to exchange pleasantries and pass little notes back and forth or what?

Mr. Polsinelli: Mr. Martel, it only reinforces the motion I made an hour ago.

Mr. Martel: I want to talk to the chairman--

Mr. Polsinelli: We should talk to the general manager or the executive vice-president.

Mr. Chairman: Mr. Epp has a few questions.

Mr. Epp: Mr. Donaldson, I want to go back to the South African visit. I want to get this clear. Are you saying categorically that the Industrial Accident Prevention Association had absolutely no involvement in that visit? They did not pay any expenses? They did not endorse it or anything of that nature, with the exception of permitting this picture and the write-up in that publication?

Mr. Donaldson: That is categorically correct.

Mr. Epp: Okay. I wanted to make sure of that. I want to get into something else which is at the heart of many of the problems we have and that is the decision-making process at IAPA. Is it your understanding that the board or directors is ultimately responsible for everything that goes on there and the \$14 million that is spent?

Mr. Donaldson: That is correct.

Mr. Epp: Therefore, it is your general manager's, Mr. Findlay's, responsibility to bring the matters that pertain to IAPA to the attention of the board. Is that correct?

Mr. Donaldson: Yes.

Mr. Epp: When you have difficulties that come before the board, such as this matter with South Africa and so forth, does somebody raise them at the board? Does somebody go after the general manager for embarrassing the board of directors?

For instance, without oversimplifying it, I think you people would feel a little embarrassed this morning with the way the general manager has prepared you for this hearing. Ultimately, it is his responsibility to say: "Look, this is what you are getting yourself into. We should have a few briefing sessions so that when you go there, you are not going to seem ill-prepared."

Mr. Polsinelli: Let me make a suggestion.

Mr. Epp: I have been president of associations and so forth. We have had to make some tough decisions from time to time. If I were president, as you are, of this association, I would call an emergency meeting very quickly and the general manager's job would be on the line. That would be my intention. Do you feel strongly about that, or would heads roll uphill, and you would give him an increase in his pay? I am being partly facetious, but I know it happens from time to time and heads roll uphill.

I am very serious about this. The decision-making process is at the basis of this whole mess. The boards of directors in the past have let the general manager run the show. If there are no problems, that is fine. But if there are problems, as there are, then somebody has got to take charge. I wonder if the board of directors is determined to take charge.

Mr. Donaldson: I suggest that the board of directors is in good charge of the situation.

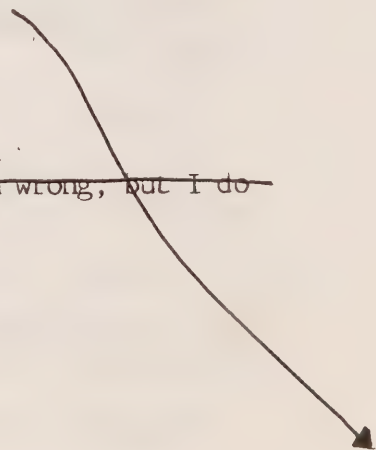
Mr. Philip: Are you not aware that before most people appear before the standing committee on public accounts, they do two things. They arrange for adequate briefing by their staff before and for blood transfusions after. Why have you not arranged for either/or those two things?

11:30 a.m.

~~Mr. Polsinelli: Those ??who are--~~

~~Mr. Epp: I am serious about this. Correct me if I am wrong, but I do not think...~~

~~P-1125 follows~~



~~(Mr. Polsinelli)~~

~~...arrange for "either-or" those two?~~

Mr. Epp: I really am serious about this. Correct me if I am wrong; I do not think the board of directors is in charge. If you really were, you would be a lot more knowledgeable about the whole sorry mess. If you are not in charge, are you intent on taking charge? That is my question.

Mr. Donaldson: I would suggest that we are in charge and we certainly will continue to be in charge.

Mr. Martel: Then you should have some answers, Mr. Donaldson. That being the case, that you say you are in charge, you would not run your business this way, would you? You could not afford to run a business this way. You do not have the answers to any of the questions that are put to you. You would stay in business a day with that kind of response.

We are not trying to get to you as an individual. I have six pages of questions and I have not even started because there are no answers. I have a whole bunch of stuff I want to know the answers to before I am through. We have gone through an exercise here. You say you are in charge. I think my friend, Mr. Epp, is quite correct. I do not think most of the board members know what is going on, partially because it is a volunteer organization and like all volunteer organizations, you are busy men. A few individuals run the whole show.

Mr. Chairman: I am going to interrupt here for a moment. Many members have made their point in this respect. Mr. Epp, do you have some questions, rather than further statements?

Mr. Epp: I am really serious about the decision-making process. With respect to the decision-making process, how often do you meet ^{during} a month or a year?

Mr. Donaldson: May I just talk to my colleague? I want to do this as best I can.

Mr. Epp: Yes.

Mr. Donaldson: On paper, the officers meet 10 times a year. It is almost once a week for some of us.

Mr. Epp: I see; so you meet at least 10 times a year.

Mr. Donaldson: At the very least, it is 10 times a year. The administration committee meets eight times a year.

Mr. Epp: There would be a total, then, of at least 18 meetings.

Mr. Donaldson: Yes.

Mr. Epp: They would not overlap.

Mr. Donaldson: That is a minimum.

Mr. Epp: Approximately how long would those meetings take?

Mr. Donaldson: In the neighbourhood of three to four hours.

Mr. Epp: Is Mr. Findlay present at all those meetings?

Mr. Donaldson: Yes.

Mr. Epp: Does he prepare the agenda?

Mr. Donaldson: The agenda is prepared by staff in consultation with other committees that exist. These are made up of directors and administrative committee members and officers.

Mr. Epp: Are such things as memberships, trips and so forth on the agenda of the board when you have meetings?

Mr. Donaldson: Yes, it is very possible that a proposed trip or such would be presented to us.

Mr. Epp: With respect to the bylaws that govern your organization, do you review those from time to time?

Mr. Donaldson: Yes, they are reviewed and updated from time to time.

Mr. Epp: To what extent does Mr. Findlay participate in those meetings?

Mr. Donaldson: He is always present.


Mr. Epp: Does he lead the discussion?

Mr. Donaldson: No, he does not. It is the chairman of whatever committee is involved; at the meetings of the officers, I am chairman. The president at the time is chairman or, if he is not available, it would be either the first past-president or the second past-president.

Mr. Epp: ~~I will leave that for now, Mr. Chairman.~~

Mr. Pope: ~~How many members are on your board?~~

~~P-1135-1 follows.~~



▲ Mr. Epp: I will leave that for now.

Mr. Pope: How many members are on your board?

Mr. Donaldson: I really want to be honest with you. We will have to approximate it, it is in the area of 27.

Mr. Pope: How many of those are on the administrative committee?

Mr. Donaldson: That is the administrative committee. The board of directors has more than 200 members.

Mr. Pope: How often does the board of directors meet?

Mr. Donaldson: Four times a year.

Mr. Philip: Have you thought of getting a trained consultant to advise you on the appropriate size of boards that are effective?

Mr. Chairman: Mr. Pope has the floor.

Mr. Pope: Are the 200 elected at annual meetings?

Mr. Donaldson: Yes, they are.

Mr. Pope: How does that process work? Are there nominations from the floor of those present, who are elected to the board? Or can anyone, even if he is not present, be elected to the board?

Mr. Donaldson: It is an open election.

Mr. Pope: How many were at your last annual meeting?

Mr. Donaldson: I am sorry. I do not know the answer to that question.

Mr. Martel: I wager there are none. Maybe I am wrong. Are there any women at all on your board?

Mr. Donaldson: Yes, there are ladies.

Mr. Martel: Out of 200, how many?

Mr. Donaldson: I cannot give you that exact figure. I know there are two on the administration committee alone.

Mr. Martel: Out of 27?

Mr. Pope: Mr. Pope has not finished.

Mr. Pope: How many attended your most recent annual meeting?

Mr. Donaldson: I cannot quote you that figure to be accurate.

Mr. Pope: Do you have minutes of your annual meetings?

Mr. Donaldson: Yes.

Mr. Pope: Does that include a list of attendees?

Mr. Donaldson: Yes, it does.

Mr. Pope: Are those minutes public?

Mr. Donaldson: Yes.

Mr. Pope: Can we see them?

Mr. Donaldson: Yes.

Mr. Pope: The next time your manager comes? How about your bylaws? are they public?

Mr. Donaldson: Yes.

Mr. Pope: Can we see them?

Mr. Donaldson: Yes.

Mr. Pope: You say that your officers meet 10 times a year. How many officers do you have?

Mr. Donaldson: ~~There are~~ The president, first past president, second past president, first vice-president, second vice-president and the treasurer.

Mr. Martel: On the makeup of the board, which Mr. Pope was pursuing, since you are interested in safety and that involves the workers, how many people from labour are on your board?

Mr. Donaldson: There are members of labour on the board of directors.

Mr. Martel: Of the 200, how many?

Mr. Donaldson: I am not sure of the number but there are members.

Mr. Martel: Out of 200, there might be one?

Mr. Donaldson: There are more than that.

Mr. Martel: Two?

Mr. Donaldson: There are more than that.

Mr. Martel: How many more out of 200?

Mr. Donaldson: I really do not know.

Mr. Martel: Since there are 4.5 million people in the work place of Ontario, I wonder how many go on that--

Mr. Donaldson: I cannot guess.

Mr. Pope: As a volunteer, how many hours a week would you spend on Industrial Accident Prevention Association work?

Mr. Donaldson: My wife makes an appointment to see me.

Mr. Pope: Do you have any estimate of the number of hours per week you spend as a volunteer?

Mr. Donaldson: During June it is almost--I really cannot guess. It is horrendous.

Mr. Pope: Have they managed to give you an office in your board offices?

Mr. Donaldson: No.

Mr. Pope: You do not have an office?

Mr. Donaldson: No, I do not.

Mr. Pope: Does the manager have the office and you do not?

Mr. Donaldson: I am not the resident.

Mr. Pope: I am not surprised at that answer. In spite of that, I congratulate you on your efforts.

Mr. Epp: In passing, if I were you, I would try to get ^{an office} ~~one there~~ so you could feel more a part of the whole organization, since you are president.

Mr. Pope: When was your last annual meeting?

Mr. Donaldson: In April of this year.

Mr. Pope: Are you elected as president by a vote of the people in attendance, or are you selected by the board or ~~are you selected~~ by the administrative committee?

Mr. Donaldson: It comes before the open meeting.

Mr. Pope: Is there a nominating committee?

Mr. Donaldson: Yes, there is.

11:40 a.m.

Mr. Pope: Who is on the nominating committee?

P-1140 follows



~~Are you selected by the board, or are you selected by the administrative committee?~~

~~Mr. Donaldson: It comes before the open meeting.~~

~~Mr. Pope: Is there a nominating committee?~~

~~Mr. Donaldson: There is.~~

~~Mr. Pope: Who is on the nominating committee?~~

Mr. Donaldson: I believe it is the three past presidents.

Mr. Pope: Is the manager on the nominating committee?

Mr. Donaldson: He is not, ~~sir.~~

Mr. Pope: Is there any administrative staff on the nominating committee?

Mr. Donaldson: No, ~~sir.~~ It is the three past presidents.

Mr. Pope: Do you ever have any votes on the board on the employment or selection of a manager or the executive director? Do you renew his contract on a regular basis?

Mr. Donaldson: That is a function of the annual meeting.

Mr. Pope: Is there always a motion at the annual meeting for the continued employment of the executive director and the manager?

Mr. Donaldson: I really cannot accurately answer that for you.

Mr. Pope: Can you tell me how many representatives of eastern and northern Ontario are on your board of directors?

Mr. Donaldson: Let me talk to my colleague for a second.

I really do not have the breakdown geographically in my mind.

Mr. Pope: Do you as officers and as an administrative committee vote on motions, or do you just make decisions that the executive director and the administrator carry out?

Mr. Donaldson: We vote on motions.

Mr. Pope: That is ~~in~~ on the administrative committee?

Mr. Donaldson: Yes.

Mr. Pope: Who prepares the motions and the agenda?

Mr. Donaldson: The motions can come from anyone in that group. ~~sir,~~

Mr. Pope: As chairman, do you meet directly with representatives of the Ministry of Labour or the Workers' Compensation Board?

Mr. Donaldson: If it is appropriate, we would do that.

Mr. Pope: Have you?

Mr. Donaldson: I have not.

Mr. Pope: Have you, sir, as predecessor met? No? Would all those meetings take place with the executive director or the manager of the association?

Mr. Donaldson: I would suggest only if it were appropriate.

Mr. Pope: If it were appropriate, given the circumstances, it would be that person and not yourself?

Mr. Donaldson: I am just a little bit lost on the question, ~~sir~~.

Mr. Pope: Maybe I can ask the chairman. Who meets with the Ministry of Labour officials and the officials of the Workers' Compensation Board from this association, if it is appropriate to do so?

Dr. Elgie: ??The Occupational Health and Safety Education Authority, Chairman Bucher and the two administrators have regular contact with the Industrial Accident Prevention Association.

Mr. Pope: Through the executive director and the manager, as opposed to the president? The president just testified that he had not yet met with you, and the previous president has not yet met with officials from the WCB or the Ministry of Labour.

Mr. Donaldson: I would correct that, sir. Where Mr. Bucher is concerned, we have met with him.

Mr. Pope: Okay.

Dr. Elgie: Mr. Bucher is chairman of that authority, and it is his role to meet with the IAPA. I have met with the former president ~~??of IAPA??~~ over matter in the past.

Mr. Johnston: I have met him in the past week.

Mr. Pope: Have you? Okay.

Mr. Philip: It is amazing that we can have a board of directors that knows so little about what is going on.

Mr. Chairman: Have you finished, Mr. Pope?

Mr. Pope: Yes.

Mr. Chairman: Do we have any more questions of the gentlemen from IAPA? Mr. Elgie and Mr. Armstrong are present, as well as a number of other officials. Do we have any questions we want to direct towards them?

Mr. Martel: I am going to save my questions until whenever we meet with them.

Mr. Chairman: Are there any further questions at this stage?

Mr. Martel: I would like to talk to the chairman of the board, though, and the Deputy Minister of Labour.

Mr. Philip: Mr. Donaldson, I have one last question. Is AEL Microtel Ltd. a public company? Is it on the exchange?

Mr. Donaldson: Yes, it is; Not as AEL Microtel, it is under British Columbia Telephone.

Mr. Philip: Would you appear at a shareholders meeting as ill-prepared as you have just appeared for the shareholders of Ontario?

Mr. Chairman: I think that is an improper question.

~~Mr. Donaldson and gentlemen, thank you for appearing here today. It is regrettable that the other individuals could not be present. We are going to have our steering committee meet as quickly as--~~

~~P 1145 follows~~



Mr. Chairman

~~??I think that is a fair number of questions.~~ Mr. Donaldson, gentlemen, I want to thank you for appearing here today. It is regrettable that the other individuals could not be present. What we are going to do is have our steering committee meet as quickly as possible to try and arrange another date where you can reappear with the other gentlemen whose names were mentioned earlier and Dr. Elgie and Mr. Armstrong and others as well. We thank you for taking time out of your busy schedules to be here with us today.

If there is no further business, we will adjourn for the day.

Interjection: Elie wanted to talk to Dr. Elgie.

Mr. Chairman: I had the distinct impression that we did not want to proceed at this time. Are other members in agreement with that? That we will ignore the adjournment and proceed with some questions to Dr. Elgie and Mr. Armstrong.

Interjection: Sure, while they are here and can answer our questions. Yes. It would be an appropriate time to do that.

Mr. Chairman: All right. Fine. Well, perhaps Mr. Armstrong could come forward at this point, then.

Dr. Elgie: Mr. Bucher, Mr. Cooke and Mr. Ridout of the educational authority are here today. They are unable to be with us next Thursday because they are in the midst of a three-day meeting with representatives of the safety associations with respect to the development of a program for evaluation and auditing of the programs of the board. So if members do have any questions they would like to put to Mr. Bucher or to Mr. Cooke or to Mr. Ridout, I would appreciate it very much if you could do it today and then they would be prepared to come any following day. But next Thursday is a very important day for them.

Mr. Chairman: Perhaps Mr. Bucher and the other gentleman could come forward. Identify yourself and your roles to assist Hansard.

Dr. Elgie: On my extreme right, where I usually come from, others are all in the right as you know.

Interjection: No comment.

Dr. Elgie: ^{is} Bob Bucher, the chairman of the Occupational Health and Safety Education Authority and next is Stewart Cooke, a ^{representative} ~~representative~~ of labour and an administrator of the authority and next is John Ridout, administrator and representing management on the authority.

Mr. Chairman: We will lead off with Mr. Martel.

Mr. Martel: To the chairman of the board and the Deputy Minister of Labour, we heard this morning about all of the concern over health and safety. In the past two years the number of accidents have increased by about 24 per cent. That is not including the ones that are hidden and that is going on every day because I just came back from five weeks on the road. There are all kinds of firms who do not report their accidents. They send guys in on crutches and you name it.

(Mr. Martel)

but the companies do not. In

There is a policy--I do not know if the board allows it--~~the~~ the first two weeks, if the guy might get back to work, the company reports the accident. But if he comes to work and he does not go on compensation for the first two weeks ~~the~~ the policy in industry apparently is picking up in a significant way to reduce their assessment with Workers' Compensation Board. Given all that--

is Dr. Elgie: There would still be a claim so there would be a record of the accident.

Mr. Martel: Yes, a claim form 7. Other companies are not doing it. ~~and~~ They are simply hiding workers.

Dr. Elgie: If they are not submitting a form 7, then they have a problem.

Mr. Martel: If they get injured later down the road, what worries me about that process is when their bad back shows up two years from now, we do not have an accident report and they say, "Well look that accident did not really occur."

But what is really worrying ^{me} as I travelled ^{and} the deputy is ^{aware} ~~where~~ he had a policy analyst with us, is the great number of people in industry and the tremendous effort to scuttle or make virtually useless the Occupational Health and Safety Act is scary. They cannot have it both ways. Somebody is going to have to come down and say, "Wait a minute. The Workers' Compensation Board is going to have to, and the minister of Labour is going to have to, do what they do in certain other fields."

11:50 a.m.

It

For example, I am worried that at this stage of the game with an act that has been in force since 1978, I guess, 60 per cent of the companies without a trade union still do not have a health and safety committee; 30 per cent with a union still do not have a health and safety committee. How are we going to get around this? ~~We are spending literally billions in accidents. We have heard it is of great concern and yet the very companies that we had before us this morning, many of their membership~~

P-1150 follows

(Mr. Martel)

...in other fields. For example, I am worried that at this stage of the game with an act that has been in force since 1978, I guess, 60 per cent of the companies without a trade union still do not have a health and safety committee, 30 per cent with a union still do not have a health and safety committee. How are we going to get around this? We are spending literally billions in accidents. We have heard it is of great concern and yet the very companies that we had before us this morning, many of their membership fire workers who use the right to know, or, pardon me, the right to refuse.

which We are in a morass that is only going to lead to more costs to industry and higher assessments. One only has to look at the increased accidents in the past two years to indicate that is where we are headed. You hear the people this morning say they are genuinely concerned. I am sure they were sincere, yet the ~~the~~ the membership from those organizations are resisting health and safety in every conceivable way. Now, how do we get a handle on it? That is the first question. hear

Workers' compensation The second question is a very simple one. I might as well put them all. When is the Compensation Board going to provide an amount of money equivalent to what to labour that the various nine associations get to be able to teach and foster health and safety and to establish workers' clinics where workers can in fact hire specialist hygienists to test people and the effects of the exposure of their bodies to the substances in the work place. Because management has money to hire lawyers and get all kinds of doctors to support their positions and organized labour, and the working people who are not organized, whom have no one to where they can go and get tested in a place that they feel is not dominated but in fact represents theirs. I mean my friend Pope and I know the whole gold thing up in his area and which spreads down to mine and right over to Elliot Lake. The

where When are we going to fund some worker clinics controlled by workers so that they can go and get a test and be assured that they are getting the best test and that documentation can be compiled, because the Compensation Board has not done a good job to this time in history. That can be presented to government to say: "Look, this is what happens when workers are confronted with too much asbestos and this is what happens when they get too many radon daughters in the gold mines and they have too many PCB's at Westinghouse. When are we going to fund these types of clinics so that working people, the people who are in the plants--?

who The people ~~that~~ were here this morning do not spend the ~~typical~~ time in the plant that I suspect the people that I represent primarily do. I want to know and it is about time that we as a society gave the workers who produce the wealth and are the ones who--. You look at the accident reports. It is not the managers who are getting killed. Out of the 191 people killed in the work place last year, how many do you think owned the companies, or were the bosses, the big bosses, I mean the guys who sit in the front office, and how many of them at Elliot Lake have cancer, the three a month who are dying. I do not know if Steve Roman has it. I do not think so. much polychlorinated biphenyl

But the workers do and we cannot get from this government or the previous government--I do not know that this government is going to do as we pursue it--enough money to establish clinics out there, strategically located, so that workers can go and get an unbiased test. Because I want to tell you,

45

Mr. Martel

When we were fighting the cancer at the sintering plant, ~~he~~ ^{I was} pleased to see that the chairman put John Gagnon on, the chest advisory group and Linda Jolley, but we could not get one doctor in Sudbury to help us. Not a single, solitary doctor would help us. We had to go to Hamilton to get a ~~Doctor~~ Dr. Cecilioni who helped us. Yes, go ahead. Because that has got to come.

Mr. Philip: I want to know why--

Mr. Armstrong: Is that another question? I mean. I thought--

Interjections:

Mr. Armstrong: I would be pleased to defer to the chairman of the Workers' Compensation Board.

Interjection: Thanks a lot.

Mr. Armstrong: But the eye contact appeared to be directed to me and as Mr. Martel is Dracula at the blood bank, ~~I am delighted to appear and engage in some dialogue with you about this. Let me say it is very difficult to answer a long--I would not--~~

P-1155 follows

(Mr. Armstrong)

Mr. Martel is Dracula at the blood bank. I am delighted to appear and engage in some dialogue with you about this. Let me say, it is very difficult to answer a long--I would not even call that a question--speech. However, let me try to extricate from that long narrative what I regard to be some questions.

First, providing cost to labour--providing funds to labour--let me preface this by saying that anything you say in this enormously difficult and tragic field of occupational health and safety, one of the most difficult areas of public administration that anybody can be involved in, is liable to sound defensive. It is liable to sound insensitive to the needs of the workers. What I want to say to the member for Sudbury East on the question of funding to labour, I am proud, as a public servant today, that with President ~~P. Ke~~, I happen to be the first public servant who said to labour, "You are entitled to some money." That had not happened since whenever the Worker's Compensation Act came into effect--since 1916. I am proud to be able to say that since 1978, first of all under the ~~Lottery Corporation~~, and then when there was some doubt about whether the ~~Lottery Corporation's~~ mandate and purposes permitted direct payment for training and education purposes, then under the direct vote of the Ministry of Labour, we provided the Ontario Federation of Labour for the first time as a result of direct discussions between myself and the President of the Ontario Federation of Labour with, not enough money, ~~but~~, but very close to what the Federation was able to absorb in those days. I am delighted to have been a part of that and I am delighted as well to see now that the Federation is getting a substantially increased sum of money. Under a section of the act that was added when I was deputy minister, of which I was fully supportive--and I make no apology as a public servant for taking credit for that provision of the act and for others--I think we made substantial progress in that area.

Chairman
When are we going to get a handle on the act? Now, Mr. ~~Ke~~ how do you answer a question like that? When are you going to stop beating your wife? When are you going to get a handle on the act? When it was my high privilege to take over as Deputy Minister of Labour we had, and you had been around for some time as I recall, ~~we had~~ a patch-work quilt of legislation that made no sense. ~~Again, it was a patch-work quilt.~~ Following the Ham commission report which was dealing with mining--it was not dealing with making comprehensive a crazy-quilt pattern of legislation--it was my privilege, first with Dr. Stephenson, then with Dr. Elgie, to work on a comprehensive and coherent single statute which did a lot of things for the first time and which I think is still one of the finest pieces of legislation on health and safety anywhere in Canada and North America. The right to a company inspector--things now that appear to be motherhood things, things that people had not been able to accomplish in this province for a long time--the right of workers to company inspectors. You may groan about that--
were in it

Mr. Martel: I know what is going on out there. There is a difference. What is in the act--

Mr. Armstrong: Am I permitted to answer your question?

Mr. Martel: Just a moment. What is in the act, and what is going on are two different--you have never heard me criticize the written act. What I am critical about is the administration.

Mr. Chairman: Let us have some order here.

Mr. Polsinelli: Mr. Chairman, Mr. Martel spoke uninterrupted for 10 minutes. I think the Deputy Minister should be allowed at least the same privilege.

Mr. Chairman: I support that opinion. Mr. Armstrong, we will let you complete your remarks, and then we will have additional questions. You will have an opportunity to make some comments in respect of what Mr. Armstrong has said. Mr. Armstrong, please proceed.

Mr. Armstrong: I apologize if there is some emotion appearing in the exchange, but I feel at least as strongly as Mr. Martel does about this area. This is an enormously important area of public administration. Public servants do not often get the opportunity to speak on these matters. We read about it in the press, but we do not often get an opportunity ~~to speak~~. That is why I am delighted to be here. I am almost finished because.

Frankly I have difficulty extricating the questions from the rhetoric. However, the fact of the matter is that if you go back historically to the Ham commission, widely hailed as a progressive document--and I agree with that--it did not recommend health and safety committees. ~~The Ministry of Labour, and I do not mind saying this publicly, which I had the privilege to lead on the administrative side, said that--~~

1200 follows.

(Mr. Armstrong)

inilege --hailed as a progressive document and I agree with that did not recommend health and safety committees. The Ministry of Labour, which I had the ~~privilege~~ to lead on the administrative side and I do not mind saying this publicly, said ~~that~~ that is not good enough. We have to have the health and safety committees. We have to have them ~~at~~ work places with 20 or more people. Perhaps we should have said 10 or five.

That was an important advance. We have, contrary to the public rhetoric, one of the toughest toxic substance regulation and control programs anywhere in North America. My friend will not agree on that, but we have it and it is a fine one. There is an enormous amount of work to done. The ~~Advisory Council~~ *Health and Safety* is now engaged in a study of the effectiveness of the joint health and safety committees ~~who are~~ *and we are* awaiting the report from that advisory council. To the extent to which there are deficiencies in there, I can say on behalf of my minister without equivocation because he said it, that those deficiencies will be addressed and will be addressed quickly and effectively.

We would all like to have a utopian tomorrow. In this area, like most, it is an evolutionary process. Some people say ~~that~~ the evolution is not proceeding fast enough. I agree with that. It is a disservice--at the risk of being out of order--to say as you did in the estimate that there is mayhem and slaughter in the work places of this province. The fact of the matter is that there are many dedicated people, many fine public servants in my ministry that are working hard to do their very best to make this province a better place in terms of health and safety. *There are* many people in the trade union movement ~~who~~ *who* are doing the same, many people in the employer community, and I would be pleased to answer specific questions on this.

It is important to get a sense *of* perspective on where we are going and to work together collaboratively and not create polarization. This is why, when the gentlemen were here this morning, it is so tragic to me when I hear that you do not get equality in terms of labour and management on the board of directors at the accident prevention associations. I have long believed that. ~~It~~ *It* ought to be done. That is within the control of the associations that approve their bylaws.

The great difficulty with this area is that we polarize people in our common desire to make improvements. You deserve concrete answers in these proceedings.

Mr. Polsinelli: Mr. Chairman, I heard the bells ringing in the Legislature; there is a vote. I apologize to Mr. Martel and to Mr. Philip who did not have an opportunity to rebut, but I am sure ~~that~~ we can continue this conversation at the next session so I move adjournment.

Mr. Pope: When we next get together, I would like to have your assurance and the Chairman's assurance that, as we continue to reform and make more responsible the associations that we are now dealing with in this committee, you will not use that as an opportunity to take it all onto yourself and to dismantle these as instruments of a wider spread response to the challenges we are all facing.

49

f
Mr. Pope)

Second, you have made no progress with respect to silica, silicosis and all the problems that widows and workers in gold mines in northern Ontario face. Your offices refer everyone to my office. So does the Ombudsman's office, ^{and} so does the steelworkers' office. You have made no progress whatsoever despite the ~~law~~ ^{and} support of your good intentions.

You have a centralized, self-serving system in Downsview; you have a centralized, self-serving system in Toronto that does not involve the other regions of the province. You have no rehabilitation facilities, no research facilities outside of the centre core of this province in the resource areas when they need that kind of support. You should not be too damn self-congratulatory. You may have made some nice changes in the law. You may have made some terrific progress in terms of detecting and dealing with problems in the work place; ^{but} we have had no progress in bringing the workers of all regions of this province into the mainstream of rehabilitation and curing diseases.

Mr. Chairman: I am sorry, Mr. Armstrong, that you are not going to have an opportunity to respond to that today, but we will give you an opportunity at an early date in the future.

~~Mr. Elgie: May I have the opportunity to cut it off that way too,~~
~~Mr. Chairman?~~

P-1205 follows.

~~Mr. Chairman: I am sorry, Mr. Armstrong, you are not going to have an opportunity to respond to that today, but we will give you an opportunity at an early date in the future.~~

~~12:03 p.m.~~

Dr. Elgie: May I have the opportunity to cut it off in that way, too, Mr. Chairman?

Mr. Chairman: No such luck.

The committee ^{adjourned} ~~adjourned~~ at 12:05 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

GOVERNMENT PROPERTY
SAFETY ASSOCIATIONS

THURSDAY, JUNE 12, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gordon, J. K. (Sudbury PC)

Harris, M. D. (Nipissing PC)

Philip, E. T. (Etobicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitutions:

Bossy, M. L. (Chatham-Kent L) for Mr. Ferraro

Callahan, R. V. (Brampton L) for Mr. Polsinelli

Ramsay, D. (Timiskaming NDP) for Mr. Wildman

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Office of the Provincial Auditor:

Archer, D. F., Provincial Auditor

From the Ministry of Labour:

Armstrong, T. E., Deputy Minister

From the Farm Safety Association Inc.:

Reed, J., General Manager

Goulet, R., President

Zronik, S., Public Relations Co-ordinator

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, June 12, 1986

The committee met at 10:13 a.m. in room 151.

GOVERNMENT PROPERTY

Mr. Chairman: I think we are ready to get underway. Order please. The first item on our agenda this morning is the notice of motion by Mr. Philip. Mr. Philip has indicated he would like to bring the committee up to date.

Mr. Philip: Thank you, Mr. Chairman. I should read the notice of motion, although the members have it in front of them. My notice of motion last week, which will be voted on today is:

"It is obvious from evidence ~~that~~ ^{have} presented since 1981, copies of which I am supplying to the provincial accounts committee and the Provincial Auditor from the recent special investigation by Gerry McAuliffe of CBC Radio and from various sections of the 1985 auditor's report ^s that there have been major problems in the management of government property by the Ministry of Government Services, the Ministry of the Attorney General and the Ministry of Housing.

"I therefore move that the Provincial Auditor review the reports of Mr. McAuliffe and the issues raised in the attached materials and report back to the public accounts committee by September, 1986, if possible or in his next annual report to be ~~tabled~~ ^{tabled} in November, 1986.

"In the event that the auditor can complete the report by September, 1986, I move that the committee schedule hearings to deal with that report at that time.

"In the event that these matters cannot be reported before the release of the 1986 auditor's report, I move that the committee set aside whatever time is necessary during the Christmas recess to hold a full investigation into these matters and that the deputy ministers of the Ministry of Government Services, the Ministry of the Attorney General and the Ministry of Housing be called as witnesses along with other appropriate public servants. The committee may also choose to hear evidence from any other interested parties, such as lawyers practising in the courts, court administrators, real estate agents, etc."

We had a statement by the Deputy Minister of Government Services that the matter of the courthouse in St. Catharines was resolved. Yesterday I arrived unannounced in St. Catharines at the courthouse. I met with the sheriff and other people working there, ~~people who were secretaries there~~ and also one judge. ~~I can tell you that~~ There is certainly not a resolution to the problem, nor was there any indication that anyone could give me as to the costs--and it will be considerable--of repairing the damages that were done in the original contract.

~~we were told by~~ The sheriff was most co-operative. ~~Everybody there~~
~~actually said over and over again~~ I must admit I was somewhat surprised. I
 thought they would be defensive but instead I was met with the reaction:
~~Mr.~~ "Is it not good that the member of the Legislature is interested in these
 problems because we do have problems here?"

~~DATE~~



June 12, 1985

SIR
(Mr. Philip)

~~the information. It is important that you know that we do not want~~
Anything you want to see, Mr. Philip, feel free to ask, and we will show you everything." Indeed, they offered to show us some things that I had not thought about.

The sheriff said that considerable work had been done on the heating system. As I said, in his office, I found that I was perspiring and so was he. I asked if I might look at the thermometer on the wall. It was 77 degrees in his office. If that is one way of solving the heating problem, it certainly is not resolved.

The basic message that came out from everyone we met with, including one of the judges, was that the government, in constructing buildings, particularly special-use buildings like courthouses, should consult with those people who are going to be working in them. They had not been consulted in any way. They said, "If there is any recommendation we can make for heaven's sake, do not build another courthouse or building without talking and consulting with the ~~people~~ who ~~are~~ working in them."

For example, the judge whom I met with said, "It is absolutely absurd that if I want to talk to the crown attorney or to a defence counsel in private, I have to ~~go~~ march him all the way up to my office in another part of the building and waste all kinds of time." Common sense would tell you that in a courthouse, you should have an ante-room somewhere where the judge can go into chambers momentarily and not delay the case unreasonably.

One of the things that shocked me was that there was no effective fire plan. The cells had no sprinkler system and still do not have a sprinkler system. I asked an Ontario Provincial Police officer, "What would happen if there was a fire?" His response completely staggered me. He said, "Suppose you had 15 people in here and there was a fire?" He said, "I would put them on the elevator and take them downstairs." I said, "That would be one way of frying you and the prisoners, if the fire somewhere in the building created a short." He said, "I guess I would take them down the staircase."

You have two officers there; if ~~they~~ take them down the staircase, the only thing that they can do then is tell them to report to the police station a couple of blocks away and put themselves in. I am sure Mr. Buxbaum would have loved to have done that if that had happened.

I wish I had a ~~Flip~~ chart that I used ~~and I would draw you a picture,~~ to use in the training days, but you have to imagine this. The police van has to back in and with some reluctance because there is not very much space. He has to back down the exit ramp from the regular underground parking, which can cause some problems then for anybody who wants to exit. There is a large beam in the middle that is very much in the way. The problem is the beam happens to support the building. I do not know what you are going to do about that, Mr. Auditor. I do not know how you replace the beam without having the building fall down, but it is clearly in the way.

When he gets the prisoners in there, if he wants to pull out or, indeed, if he even wants to go in, the loading ramp for the building is right beside it. If you can picture then that you have a very large truck unloading furniture, you cannot get anybody into either the garage--because it is blocking that--or you cannot get any prisoners into the loading zone for prisoners to get them up into the holding tanks.

(Mr. Philip)

10:20 a.m.

It is an absolutely absurd thing. When you see the cement, I do not know now you repair that. I do not know if it is repairable, but it is just a monstrous problem. The workers whom we talked to still complained of lighting problems in the registry office. Indeed, the Ministry of Labour has done a

P1020 follows

June 12, 1986

(Mr. Philip)

~~The work on the building will be done of light~~
~~the building. Indeed, the Ministry of Labour has done a report, that I was~~
able to obtain a copy of, that said, "The building management should review the office layout with a view to improving the quality of light; that is, to minimize the reflective glare." People are going home with headaches from the glare, both from the floor and the walls. The walls and the floor are kind of a shiny beige colour.

Mr. Polsinelli: What registry office is that?

Mr. Philip: St. Catharines. I was visiting the St. Catharines courthouse. Basically the ministry says, "You guys should look at it," but has not issued an order on it, even though the chief registrar said he and his staff were having eyesight problems with it. He said, "About the only thing that can be said for it is the lawyers are so unhappy with the lighting, they tend to speed up their searches." I do not know what that does for people who are buying property and want an adequate search.

This place is really a disaster. I will give you a few little things they have corrected. There was a problem where the lights were directed by a computer in Toronto that turned off the lights at 4:30 p.m. A jury could be in ~~the~~ mid-session and have the lights go out on it. A judge could go in to do some work on Saturday or Sunday and not be able to have any light in his office. They have managed to correct that.

The other ^{thing} we were told by a couple of sources was that none of the local contractors would handle or bid on the heating system because they considered it so absolutely impractical, according to the design, that they figured they would lose their shirts on it. There would be lawsuits because they simply could not deliver with that kind of heating system.

They have done some carpeting in the hallways, which has corrected some of the original problems I have mentioned concerning noise.

They have moved the ~~the~~ Ontario health insurance plan office downstairs. When you see the office, you can imagine it was a fairly expensive thing to do. Now we are told they are going to move it right out of the building. Here they have the expense of putting it in the wrong place and they move it downstairs. We are told they are now going to move it out of the building completely.

I must admit I was negligent in one thing. I did not have an opportunity and I forgot to ask about the urinals.

Mr. Ferraro: Does that mean ^{you} went there and sat there--

Mr. Philip: I did not drink very much coffee. That may have been the answer. While you are reminding me of it, the cafeteria was built without a sink and has created so many problems. The poor guy wanted to meet with me and I said I would meet with him on another occasion because I did not have the hours to put in. He lost his shirt and he claimed he lost something like \$22,000 with the cafeteria because, (1) it did not have any sink in it, which made it very difficult, and (2) there were inadequate signs up. The bureaucrats down there refused to put up adequate signs telling people there was a cafeteria on the second floor, so nobody used it. The end result was he has lost a lot of money.

As I said, there is no coffee. They said they hoped by September to have some tender to put some machines in there so that people who are waiting for trial or something like that can at least get a coffee or a sandwich out of a machine. It will take until September to do that.

As I said, perhaps because I did not have very much coffee, I did not think to look at the urinals. The problem with the urinals is they put them in too low and tall people, like myself, therefore tend to slop on the floor because you have to bend in order to use the urinals.

Interjections.

Mr. Gillies: Did you try sitting down?

Mr. Philip: I did not try sitting down on it.

Mr. Ferraro: Mr. Chairman, must we succumb to such investigative reporting?

~~Mr. Philip: what I am saying is that my investigation is~~

P-1025 follows

Mr. Philip: What I am saying is that my investigative reporting certainly would lead me, despite the one omission I failed to look into, to believe in this instance that the inquiry I asked for last week, and which will be voted on, is more than justified and that we should all vote. My trip down there in no way convinces me the motion was in any way misplaced--and that is not a pun, ~~and that~~ we should proceed with the motion.

Mr. Chairman: Mr. Epp has indicated a desire to speak on this.

Mr. Epp: I was almost wondering whether Mr. Philip was going to get into the position where, like a salesman, he was buying something back after having sold it. He thinks that protest too much, getting to the point where he was almost going to convince us we were not going to have this hearing or have the auditor do a report.

Very seriously though, ~~I do want to say that~~ we on this side of the house are very supportive of the suggestion in the motion that the auditor look into this matter. However, because of the very excellent reporting Mr. McAuliffe has done on behalf of the Canadian Broadcasting Corp. and the other matters that have been brought to our attention by Mr. Philip and other members of this committee, we feel we should not get into the position where we put the cart before the horse and decide what we are going to do before we have the report of the auditor.

Therefore, first, ~~of all~~, I would ask Mr. Philip on a very rational basis to exclude or shorten that motion to the point where we have the auditor do a report on the various matters that have been brought to his attention and, beyond that, to leave the committee open to decide after we get the report what we want to do. In other words, I do not think we should have all these hearings and everything prior to having the auditor's report. We should get the auditor's report, give him--

Interjection.

Mr. Epp: Mr. Philip, it says, "I therefore move that the Provincial Auditor review the reports of Mr. McAuliffe and the issues raised in the attached materials and report back to the public accounts committee by September 1986, if possible, or in his next annual report to be tabled in November 1986."

"In the event ^{that} the auditor can complete a report by September 1986, I ~~move~~ ^{at that} that the committee schedule hearings to deal with that report. In the event ^{that} these matters cannot be reported before the release of the 1986 auditor's report, I ~~move~~ ^{that} the committee set aside whatever time is necessary... and then start having hearings before we get the report."

Mr. Philip: That is not what it says. It says we would hold the hearings after we get the report. If he gets it in in September, we will hold them ~~in~~ as quickly as possible in September. If it is not until his final report, we do them at Christmas after we get the final report. That clearly ~~is~~ what the motion says.

Mr. Epp: My point is that we should not decide what we are going to do before we have the auditor's report. In other words, you get the report and find out what the auditor in his very objective fashion, as he has done in other areas, reports. Then when we get the report, we decide what we are going to do. As you know, we have a number of ~~other~~ things that are before the committee.

other.

(Mr. Epp)

We do not in any way want to compromise those various items.

We also know the Attorney General (Mr. Scott) and the government have appointed Mr. Justice Thomas Zuber on behalf of the Attorney General to investigate all these various things. We also know the ministry itself is looking at the way it is letting out contracts, the way its leases are and so forth. I am not in any way opposed to having these hearings. I just think ~~what~~ we should ~~do it~~ get the report from the auditor first and then decide what we are going to do, rather than decide now what we are going to do and then get the report. It is a matter of putting the cart after the horse rather than before.

Mr. Chairman: Mr. Gillies, do you have some comments?

Mr. Gillies: Our party will be supporting the motion made by Mr. Philip. Some of us as individuals have followed with great interest this series that has been run by Mr. McAuliffe. Of course I am aware that Mr. Philip has raised this over a period of time and our party's Justice critic has raised some of these issues. The member for Oakville (Mr. O'Connor) has raised some of these issues in the House. ~~I believe it is a matter of~~

10:30 a.m.

~~I accept Mr. Philip's explanation of the wording of the motion. I do not think it is your intention.~~

~~It is your intention.~~



(Mr. Gillies)

~~maintained some of the issues in the motion.~~ I believe that if there is an investigation, I accept Mr. Philip's explanation ~~and~~ the wording of the motion. I do not think it is his intention that, should the auditor bring back a report that declares a clean slate of everything, however unlikely that is, ~~that~~ we would pursue it at great length in hearings. My sense of the motion is that we look at the auditor's report and proceed to hearings, if necessary. Based on all the evidence we have heard thus far and from what little I know of this subject at this point, I suspect we will want to have hearings on it. So I have no hesitation whatsoever in indicating the support of the official opposition for the motion.

The Vice-Chairman: Are there any further comments from members of the committee?

Mr. Epp: We are prepared to support the motion up to the end of the second paragraph, as it stands. We are not prepared to support the whole motion because we do not believe we should establish what we will-do before we get the auditor's report. That, in no way, compromises our support of the intent. As I understand it, there are some serious problems out there and we want those looked at. That is why we will support the auditor taking a very objective view of it.

Again, I want to ask Mr. Philip to go along with my suggestion that we not establish what we are going to do once the report is in, but that we wait to see the outcome of the report before we decide that. You might advise me, Mr. Chairman, how best to deal with this on a procedural basis, whether you want a formal motion from us to support the whole motion, or whether you want to take it in stages and vote on each paragraph as it is before the committee.

The Vice-Chairman: Perhaps we will ask Mr. Philip to respond.

Mr. Philip: I am not prepared to alter the motion as is. The motion is fairly clear. It simply means we would give this report priority. I cannot foresee, in the light of the astronomical bumbles that I have seen, that the auditor will not give us adequate information on which we can do an investigation. The facts are clearly there. I have an awful lot of facts and I know the auditor will have those facts. A thorough investigation simply means an investigation that is thorough in the light of the auditor's report and if the auditor's report is a fairly extensive condemnation, it will obviously be a fairly long investigation. If it is a shorter one with some specific recommendations, it may very well be a short investigation. I believe the motion gives that kind of flexibility.

The motion basically says that we will deal with the report expeditiously when it is tabled and that it will be tabled at the auditor's discretion, when he has completed it. If he is ready in September, we deal with it in September. If he is not ready until his final report, we deal with it in his final report. We deal with the auditor's report anyway when he ~~does~~ presents his annual report. If this is one of the items, then it seems reasonable to deal with it in a thorough manner when we get it. I am not prepared to change my motion.

Mr. Epp: In response to that, in order to get unanimous agreement in this committee, ~~may I suggest~~ if Mr. Philip will change his motion to bring in the first two paragraphs of the motion and then says ~~that~~ it is the intention

(Mr. Epp)

of this committee to deal with this report expeditiously--as he ^{has} indicated that is what his motion says--then I agree we will support that amendment to the committee. If we take the first two paragraphs and add a third paragraph saying that we will deal with this report expeditiously, we will be more than happy to do that. ~~All I am saying is that we do not want to determine what we should do before the report is in.~~ We are not opposed to dealing with the report expeditiously. If he wants to include that but exclude everything after the first two paragraphs, then he would have unanimous consent from this committee. ~~I think he would want~~

which

~~Vice Chairman Mr. Epp wants to move~~~~the committee, and the only one~~

P-1035 follows

A

Mr. Ferraro: No, it is okay, Mr. Chairman.

Mr. Ferraro: Determine the course of action.

Mr. Epp: No. I do not think that is going to happen.

Mr. Philip:) At least not by September.

Mr. Ferraro: Thank you for the vote of confidence.

Mr. Epp: Mr. Philip, if it helps you, I can speak on behalf of our party ~~that~~ ^{we} want to deal with this as expeditiously as possible. I do not see us having a majority government at that time and even if we did, that we would vote against it. I do not see that problem at all. I am just trying ~~to~~ to get the unanimous consent of this committee to deal with this problem ~~but not~~ to decide now exactly what we are going to do before the report is in. with

Mr. Philip: The reason I have these words in and the reason I am not prepared to change them is--and I am even more convinced after yesterday--there are a lot of people ~~out there~~ ^{to} who want to come and talk to this committee about what is going on. Regardless of what the auditor may report, I want this committee to hear from some of those people, be they judges, be they secretaries, or be they officers of the Ontario Provincial Police who are working in those courts. Therefore I will leave the motion as it is.

Mr. Chairman: All right. That does not preclude you, Mr. Epp, or other members from making amendments if you want to deal with it in that manner.

Mr. Epp: How would you advise us to deal with these amendments? Would you like to take it on a paragraph-by-paragraph basis? ~~and~~ That would then give us an opportunity of ~~it~~.

Mr. Chairman: No. This has been presented as one motion. It is my intent to deal with it as one motion. I would suggest, if you want to make an amendment, that you indicate an amendment supporting the first paragraph. I gather that is your intent.

Mr. Philip: If it makes it easier, I can split it into two motions by adding, after the word "time," "I further move," ~~and~~ then it becomes two motions. Mr. Epp may vote against the second motion if he wishes.

Mr. Polsinelli: Mr. Philip, I want to indicate ~~to you~~ that we are as anxious as you are to uncover as many sins of the past as possible. There is no intention on the part of our party to delay ~~any~~ the process. Our most serious consideration is that we do not want to interfere ^{with} or hinder the reorganization that is currently under way in the Ministry of Government Services and also the Zuber report that is expected from the Attorney General (Mr. Scott) dealing with the courthouse situation. Our intentions are clear. We want to uncover as many sins as possible. ~~and~~ At the same time, we do not want to impede any reorganization or investigation that is currently being undertaken.

Mr. Philip: This motion deals not only with the sins of the past but the sins of the near past and the future, namely, how the Ministry of Government Services and other ministries are responding to this crisis in which they find themselves. In my motion, I do not indicate that we are only looking at the sins of the past, but also ^{those} the present government has a responsibility to correct and also, as we were told yesterday by the sheriff, to look at what may be happening in North Bay and other places where courthouses ~~houses~~ are now being developed to make sure that the sins of the past are not being repeated by the same bureaucrats in the present or in the future. Therefore I want that in. I am not going on a witch hunt to find out what happened under the Conservatives. We have ~~got~~ some alarming things about what may be happening right now and I want it fairly wide open.

Mr. Chairman: I believe we have had sufficient discussion on this. We have this now broken down into two motions.

~~Mr. Epp: I would like to see a further breakdown of the motion into two motions, one dealing with the past and the other dealing with the future. I would like to see a further breakdown of the motion into two motions, one dealing with the past and the other dealing with the future.~~

10:40 a.m.

~~Mr. Epp: I would like to see a further breakdown of the motion into two motions, one dealing with the past and the other dealing with the future. I would like to see a further breakdown of the motion into two motions, one dealing with the past and the other dealing with the future.~~

P-1040 follows

~~_____~~
~~_____~~
✓ Mr. Ferraro: Is it implied in the first paragraph that the auditor will be doing a thorough and independent investigation of the urinal situation?

Mr. Gillies: I certainly go along with that stream of thought.

Mr. Chairman: We can take that as a given. Before we vote on both of these motions, I want to ask the Provincial Auditor for his comments with respect to the timing especially.

Mr. Archer: Yes. With regard to the timing, the timetable that has been laid out for us is approximately the same for reporting to the committee in September as it would be for including the item in our 1986 annual report, since we have a September 30 cutoff date for that report. Given that we already have one other assignment on behalf of the committee under way, it is highly unlikely that we could complete this particular assignment by the end of September. To give us a little more flexibility, I ~~would~~ propose that the motion be amended to require that the Provincial Auditor report back to the committee no later than November 1986. By so doing, it would fulfil ~~what~~ the committee objective ~~is~~. ~~They~~ would then have the report available for review during ~~their~~ Christmas recess.

Mr. Philip: That is fine. It was my intention in my motion anyway to let the auditor decide on his timetable, because I would not want a hurried report. I would rather get a fairly substantial report and therefore, I am quite prepared to accept that. Indeed, if in November the Provincial Auditor comes back and says, "I think we need another two months because I have some other things to do and I have an incomplete report," I would much rather wait another two months and get a full report than get something that is put together that the auditor does not feel comfortable with and that we cannot use as well. If the clerk would be kind enough to amend it accordingly, I believe we have the intent.

Mr. Chairman: We are dealing with two separate motions. The first one is essentially the first paragraph which will be amended to indicate no later than November. That was your request.

Mr. Archer: Right.

Mr. Chairman: Are there any further questions before we vote on this? All in favour? Opposed?

~~_____~~ Motion agreed to.

Mr. Chairman: The second motion has been amended to read, "I further move that in ~~event~~ ^{the} auditor," etc. Are there any further comments on this motion? ~~the~~ ^{that}

Mr. Ferraro: Can you read that specifically?

Mr. Chairman: I will ask the clerk to read it, if that is appropriate.

Clerk of the Committee: "I further move that the committee set aside whatever time is necessary during the Christmas recess to hold a full investigation into these matters and that the deputy ministers of the Ministry of Government Services, the Ministry of the Attorney General and the Ministry of Housing, be called as witnesses along with other appropriate public servants. The committee may also choose to hear evidence from any other interested parties, such as lawyers practising in the courts, court administrators, real estate agents, etc."

Mr. Polsinelli: Can I just get an explanation, Mr. Philip? I assume that your second motion is dependent on your first motion and that once we have the auditor's report, we will undertake the further investigation.

Mr. Philip: That is right.

Mr. Chairman: Is everyone clear on that? All in favour? Opposed?

~~_____~~ motion agreed to.

Mr. Chairman: It is unanimous. Yes.

Mr. Gillies: I wonder ^{whether} ~~if~~ I can raise a point related in as much as it pertains to timing and scheduling of the committee. The members will be aware that the Premier (Mr. Peterson), in response to some of the matters I brought before the House with regard to Innovation Development for Employment Advancement Corp. grants and technology grants, indicated that he might be willing to have this matter ~~to be~~ brought before the standing committee on public accounts. I ~~have to say that~~ ^{the reason} I did not bring a notice of motion this morning is I am not yet convinced in my own mind that this is the appropriate forum for such an investigation. I believe there are several options we want to look at.

~~_____~~

~~_____~~

~~_____~~

~~_____~~

P-1045 follows



(Mr. Gillies)

~~It is too expensive for such an investigation. I think~~
~~several options we not have to do it. It would be decided to bring~~
~~it up.~~
~~It would be decided to bring it up.~~
~~It would be decided to bring it up.~~

→ If it were decided to bring this before the committee, when would we ever be able to get to it in view of the committee's schedule and the way it is shaping up? Do you have any thoughts on that, Mr. Chairman?

Mr. Chairman: Well, we have left the scheduling aspects up to our steering committee. That is why it was established. I assume that if it was considered to be of significant import we ~~could~~ request a hearing ~~in~~ days during the summer to ~~handle~~ ^{could} deal with it.

Mr. Gillies: During the summer. I know we have the safety associations for what, two or three more weeks? Now we have this matter which, with the agreement of the committee, would require hearings. I guess there is still a possibility for the summer.

Mr. Philip: After the safety associations, we want to write a report on them. That may well take us two days, anyway.

Mr. Chairman: Well, if it ^{is deemed} ~~is~~ important enough, we will be able to find the time for it.

The next item on the agenda is the Farm Safety Association Inc. We have a number of individuals present from that association and I wonder if Mr. Goulet, Ms. Long, Mr. Zronik, and perhaps Ms. Reed could come forward. I do not know if Mr. Armstrong wants to come forward at this point; ~~he~~ would you prefer to--

Mr. Armstrong: I will wait.

Mr. Chairman: All right, fine.

Are they present in the audience? I wonder if you would like to come forward, please.

Mr. Philip: May I suggest, Mr. Chairman, that you advise our guests that if there is anyone else in the audience, at any time, whom they feel can add any life to our questions, they should feel quite free to call on these people, and that we not be so structured as to only hear from the people who happen to be at the microphones at present. We are willing to take information from anyone whom the people at the microphones wish to designate may be of assistance to us. I would like to see this run as flexibly as possible.

Mr. Chairman: I wonder if you would please identify yourselves and your roles in the organization, for Hansard.

4 Mr. Goulet: I am Robert Goulet, the President of Farm Safety Association Inc. With me today are: Vice-President, Irene Long, from London, Ontario; the Senior Safety Consultant, Jim Ross, from the Guelph office; Manager, Jane Reed, of the Guelph office; and our Public Relations Co-ordinator, Stephen Zronik, from the Guelph office.

Mr. Chairman: Thank you. Mr. Goulet, you have an opening statement you would like to make?

FARM SAFETY ASSOCIATION INC.

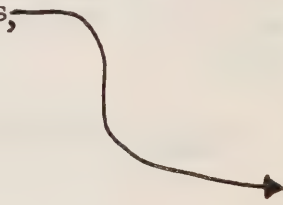
Mr. Goulet: Yes I do, sir. I would like to call on the General Manager, Jane Reed, to give the opening statement.

Ms. Reed: Mr. Chairman, and members of the standing committee, the Farm Safety Association was established in 1973 as provided under Section 123 of the Workers' Compensation Act. In that year, a group of farmers representing various agricultural commodity groups and farmers at large joined together to make application to form an association for the purpose of promoting safety and providing safety education to farm employers across the province. Financing would come through assessments levied on the agricultural industry by the Workers' Compensation Board. Today, the Farm Safety Association has over 26,000 member firms.

10:50 a.m.

A member of the Farm Safety Association is an agricultural employer who pays assessments to the Workers' Compensation Board under one of three agricultural rate groups which include: rate 876, which WCB defines as landscape or sodding and spraying of weeds, trees, etc.; rate 943, which WCB defines as the operation of chicken farms, fruit farms, fur farms, mushroom farms, tobacco farms, turkey farms, bee-keeping, chick hatcheries, cultivating or gardening, florists, market gardening, and nursery; and, rate 953, which WCB defines as operation of Christmas tree farms,

1050 follows.



(Ms. Reed)

_____ dairy farms, general farming, stock farms, horse farms, tree-fruit farms, clover mills, ensilage cutters, hay-baling machines, threshing machines, cash crops mechanically harvested, and farm drainage as a business. That gives you an idea of the diversity of the industry which we represent.

As mentioned earlier, the primary purpose of the Farm Safety Association is to provide educational services to farm employers in Ontario in order to reduce lost-time injuries. Because of an apparent need and interest for the services of the Farm Safety Association, our association has expanded its mandate to provide services to basically all farmers requesting our help and also to a number of agricultural organizations.

Our membership of 26,000 represents only about one third of the farms in Ontario. The other 50,000 or so farms are primarily family-run operations with, in all likelihood, as many or more safety-related problems as our membership. Only about 20 per cent of farm fatalities in Ontario are compensation cases.

The general philosophy of the Farm Safety Association has been defined as follows: "The Farm Safety Association will provide an ongoing educational and consulting service in matters of occupational health and safety to agricultural industries in Ontario, that will meet the needs of the industry and have measurable results in reducing incidents and accidents in order to prevent human suffering and minimize related costs. It will provide counsel to government and other organizations on matters of occupational health and safety in the agricultural industry. It will be utilized by the agricultural community to provide effective, efficient services and leadership in occupational health and safety, and will help the agricultural industry become a safe, healthy and desirable place to work. The association will help the rural community play an active, voluntary role in the affairs of the Farm Safety Association and in matters of occupational health and safety."

With regard to organization, the Farm Safety Association is governed by a board of 19 directors. Eleven members of our board are appointed annually by various agricultural commodity organizations in the province. In this way, safety concerns of major sectors of the agricultural community can be expressed. Commodity groups having appointments to the Farm Safety Association include: Ontario Cattlemen's Association, Ontario Milk Marketing Board, Ontario Pork Producers' Marketing Board, Ontario Fruit and Vegetable Growers' Marketing Board, Landscape Ontario Horticultural Trades Association, Flowers Canada, Ontario Poultry Council, Canadian Mushroom Growers, Ontario Flue-Cured Tobacco Growers' Marketing Board, and the Soil and Crop Improvement Association. The remaining eight directors are elected from the membership at large on a geographical basis for a two-year term of office. This dual system of appointing directors ensures representation of both commodity and regional concerns.

Our board of directors has structured 13 active committees to oversee various association matters. The standing committees include: an annual conference committee, area committee, awards committee, budget and audit committee, constitution committee, communications committee, Highway Traffic

Mr. Reed

P-1050-2

18

June 12, 1986

Act committee, long-range planning committee, occupational health and safety education committee, research committee, resolutions committee, salary committee, and of course, we have an executive committee.

The Farm Safety Association currently has 14 staff members. These include a general manager, a public relations co-ordinator, a senior safety consultant who supervises the field staff, a training development specialist, six farm safety consultants located strategically across the province to provide field services, plus four secretarial support staff.

Now, I would like to give you a brief description of the programs of our association.

First is membership services. The Farm Safety Association has approximately 26,000 member firms representing agricultural employers in Ontario. This group, in its entirety, is much too large to work with on a regular basis so efforts have been concentrated on those employers with a payroll ~~in~~ in excess of \$125,000. There are about 400 such firms in the province. The field staff must call upon these firms at least once per year and more often to those where injury frequency is high or receptiveness to our services is more open. Services offered to these firms and to all member firms upon request include: safety audits, technical consulting, supervisory seminars, employee training, and ~~facility inspection and maintenance~~

1055 follows.



(Ms. Reed)

fatality and accident investigations.

There has been an increasing demand for these services in recent years and we anticipate that this area of concentration will continue to grow in the future.

The Farm Safety Association also reaches the general membership through participation in a number of safety meetings and seminars sponsored by various commodity groups and other agricultural organizations. The association also participates in most of the major agricultural trade shows each year, with a display.

Because children are usually involved in, or exposed to, the agricultural work place from an early age, our association has supported and provided educational programs for rural youth. Some of these programs are as follows.

Rural Ontario Safety Kit Program: Due to a great number of fatalities occurring to elementary-school-age children, ~~in the late 1970s~~, the Farm Safety Association, with the help of two rural schoolteachers and a principal, developed the Rural Ontario Safety Kit. The kit is designed as a complete teaching aid for teachers to teach rural safety in the classroom. The Rural Ontario Safety Kit contains a teacher's guide and teaching aids and covers topics related to agricultural machinery, pesticides, chemicals, gases, recreational activities, and general hazards. The program is made available to rural boards of education upon request, provided assurance is given that the program will be implemented in elementary schools under the jurisdiction of the respective board of education. To date, the Rural Ontario Safety Kit Program has been implemented by some 50 boards of education in the province involving some 270,000 rural/elementary/school students.

The Farm Safety Association's objective for this program is to involve all co-operating boards of education in the program by the end of 1986. At completion the program will result in the exposure of approximately 300,000 rural/elementary/school children to some elements of farm and rural health and safety.

4-H ~~and~~ Farm Safety Clubs: The Farm Safety Association developed the first 4-H Farm Safety Club program in 1977. To give you some idea of the activity level in this program area, in 1986 approximately 35 4-H Farm Safety Clubs, involving at least 350 members, are active. The Farm Safety Association has developed leaders' and members' guides for this program and our staff serve in a resource capacity. The Farm Safety Association, with assistance from the Ontario Ministry of Agriculture and Food, has developed sufficient material for leaders to cover a five-year period.

Junior Farmers' Association: The major involvement of our association with the Junior Farmers' Association is with an annual provincial farm safety competition. The present format of the competition, which is held annually in conjunction with the junior farmers' summer games, ~~held~~ in August of each year, includes various exercises which require junior farmers to demonstrate safety and skill in the operation of farm equipment. In preparation for the provincial event, several regional events are held across the province to determine the contestants of the final competition.

Agricultural college instruction: The Farm Safety Association provides occupational health and safety instruction to students enrolled in 10 colleges or agricultural technology and community colleges offering agricultural

Ms. Reed

programs in Ontario. In many cases, the course, which is 18 to 30 hours in length, is accredited.

Ontario Ministry of Agriculture and Food sponsored programs: The Farm Safety Association also provides an element of safety and health for such OMAF-sponsored programs as the junior agriculturalist program, agricrew programs, and such programs as farm equipment management courses, swine-herd workers' courses, farm business for farm women courses, dairy herd workers' courses, and farm machinery maintenance courses offered by the agricultural colleges in the province.

We also maintain contact with regional Canada ~~22~~ Farm Labour Pool offices in order to offer our services.

Now a word about our volunteer program with local associations: There are presently active volunteer groups in 30 counties or regions in Ontario, carrying out farm safety and health programs. Our association staff serves in a resource role to these local associations comprised of volunteers interested in promoting farm safety and health educational programs at the local level. Examples of programs carried out at the local level include safety workshops for farm women, installation of dangerous-gas warning signs to all farms within a given county, displays at local agricultural functions, providing safety instruction in local schools, arranging for first aid training programs, stocking local agribusinesses with appropriate literature, and ~~so on~~ so on.

1100 follows.

June 12, 1986

(Ms. Reed)

~~providing safety instruction in local schools, displaying safety posters in public places, and conducting safety programs, stocking local businesses with appropriate safety~~

The association provides some funding to local farm safety associations, however, these groups obtain funding from a number of other sources, such as municipal governments, commodity organizations, agribusinesses, etc.

A brief word on our information program: The Farm Safety Association places considerable emphasis on its information program. Over the past six years, the Farm Safety Association has produced 15 fact sheets on such subjects as tractor safety, farm accident rescue, flowing grain hazards, wire rope, selecting the correct respiratory protection, silo gas, manure gas, safe handling of anhydrous ammonia, noise, heating with wood, fencing farm ponds and lagoons, farm fires, farm equipment on public roadways and stress.

The association also stocks a variety of literature on a wide variety of topics produced by other agencies located in Canada and the United States. The association has had very strong support from the Ontario Ministry of Agriculture and Food for its information program. Radio safety and health messages are circulated to radio stations throughout the province on a monthly basis through services provided by the ministry, at no charge to the Farm Safety Association. Taped interviews for use both on radio and, to a lesser extent, on television have also been produced using technical and circulation services provided by the Ministry of Agriculture and Food.

The Farm Safety Association is active in producing a number of video productions on safety and health topics. Three productions on anhydrous ammonia, combustion, ^{and} confined space entry, have been completed. OMAF has also provided the association with tremendous support in producing safety and health films. Over the past three years, OMAF has produced two excellent films on tractor and equipment safety, of which the Farm Safety Association is the chief benefactor.

The Farm Safety Association also stocks a number of agricultural safety and health films and slides, and makes them available to any interested groups or persons.

The Farm Safety Association produces a bi-monthly newsletter, entitled, Farmsafe, which is circulated to some 26,000 member firms plus an additional 1,000 interested individuals.

In addition to the foregoing, the association has regular mailings of safety cartoons, and press releases to the agricultural media. The association maintains a library which contains a great deal of occupational health and safety information and is available to the public.

We compile lost-time injury and fatality statistics. Lost-time injury information is compiled from information obtained from accident report forms which are completed by farm employers and submitted to the Workers' Compensation Board.

Fatality information is gathered from a number of sources, including the Workers' Compensation Board, the Ontario Provincial Police, a newsclipping information service, and on occasion by word of mouth.

Statistical information is utilized in designing safety and health programs in order to address problem situations and determine priority areas. Statistics are also used quite extensively in our information program.

In addition to these areas, the Farm Safety Association has involvement with such agencies as government institutions, recreational parks, conservation authorities, police and fire departments, ambulance authorities, the Canadian Lung Association, Ontario Fertilizer Institute, In the holding of training sessions and conducting presentations for the benefit of their employees on specific topics of farm safety relative to their respective occupations.

In closing, I would like to make a few comments on the report of the Ontario task force on health and safety in agriculture. As many of you may be aware, the Occupational Health and Safety Act does not apply to farming operations.

In 1983, the Ministers of Labour and Agriculture and Food established a task force to investigate and report on the need for protection of the health and safety of farmers, farm workers, and members of farm families engaged in farm work. Among the matters the task force considered were:

the nature of occupational health and safety hazards in agriculture;

where the need for the protection exists, that is, what occupations, farm work activities and types of farming;

how the occupational health and safety experiences of persons engaged in farm work vary by age, form or attachment to the industry, length of service and other relevant personal variables;

the problems of defining a farm operation and a farm work place;

the appropriate means of providing protection against health and safety hazards in farm work; and,

if the conclusion is that legislation is required, the areas to be addressed.

In examining these matters, the task force held a series of public hearings in the province and has commissioned several studies into related topics.

~~The report of the task force on health and safety in agriculture was tabled in the provincial legislature in December, 1985. The report makes 50 recommendations concerning methods for improving farm safety with emphasis on farm machinery, buildings--~~

P-1105-1 follows

The report of the Ontario task force on health and safety in agriculture was tabled in the provincial Legislature in December, 1985. The report makes 52 recommendations concerning methods for improving farm safety, with emphasis on farm machinery, chemicals, farm structures and human factors. The report calls for broader safety education programs, improved reporting of farm accidents, enhanced safety features on farm vehicles and improved handling of pesticides.

The Farm Safety Association has submitted comments on all of the recommendations contained in the report of the task force to the Minister of Agriculture and Food, and the Minister of Labour. The association has made it known to both ministers that the association would welcome the opportunity to further discuss the content of the task force report and the recommendations contained therein, and at this moment, we are awaiting such an opportunity. (Mr. W-

That concludes our remarks, and we are willing to answer your questions to the best of our ability.

Mr. Chairman: Thank you very much. Before we get into questions, I should also note ~~the presence of~~ ^{that} Dr. Elgie, the chairman of the Workers' Compensation Board, who is also present this morning to assist members of the committee if the need arises.

We will start the questioning with Mr. Epp.

Mr. Epp: I would like to thank the safety association for being here this morning and coming with a full platoon of people. I guess this does not always happen for this committee.

I notice in looking at the statistics that although there has been an increase from 1983 to 1984 in the number of accidents, there was a decrease in 1985 in injuries reported. What do you primarily attribute that decrease to? According to my statistics, in 1983 there were 2,809. In 1984, 3,058; In 1985, 2,900. Not a dramatic decrease, but nevertheless, a decrease from 1984 ^{to 1985}.

ries
ported
Mr. Goulet: Mr. Chairman, I would like to call on Mr. Zronik to answer the question.

Mr. Zronik: There are probably a number of factors that account for the slight increase and then the following decrease. In 1984 we brought under our wing, under one of the rate groups, a number of new employers that were previously under another rate group. This was a group that was into reforestation in the north. During that year a number of those injuries ~~that~~ were in that particular group were brought under a landscape rating of 876. That helped to increase that number during that year. Since that time, we have been working more intensely with some of the large firms, instituting various safety programs, and we have had a decrease with some of the large agricultural firms as well. We now have a safety consultant to cover northern Ontario and to work with some of these firms we have now brought under our wing. The sudden jump in 1984 was partly ~~attributed~~ ^{attributable} to that.

Mr. Epp: Are there any sectors that you should have under your wings now that you do not have?

Mr. Philip: May I just ask a supplementary to the first question? Could the decline not also be attributed in part to the decline in the number of farmers caused by bankruptcies, people going out of the business, that kind of thing?

Mr. Zronik: If we compare the number of employers ⁱⁿ of 1983, which was the first year we looked at, ~~it~~ we had approximately 26,446 employers that year. In 1985, we had 26,533 employers. There was actually a slight increase in the number of employers over that two-year period.

Mr. Philip: That does not give you the figure as to how many people are working.

Mr. Zronik: No. We have difficulty in nailing down precise figures on the exact number of people in agricultural work due to the transient nature and seasonal work. As well, the number of man-hours calculated for us by the workers' Compensation Board is based on an average hourly rate submitted by farm employers when they apply to the Workers' Compensation Board for coverage.
11:10 a.m.

Based on those figures, an average wage for that particular rate group is calculated, and then the number of man-hours is worked out. That figure of man-hours may not be totally accurate because we find some sectors of ~~that in~~ agriculture, under a particular rate group, the wage may be much higher than that average wage used to calculate; in others the wage ~~and~~ minimum. There is a discrepancy there.
P-1110-1 follows (is right at)

~~may not be totally accurate because we find, in some sectors of the province, that average wage used to calculate the index is not at all representative of the average wage.~~

Mr. Epp: Let us go back to my original question. Are there any sectors or areas that you should be covering within your umbrella that you are not covering right now, within the province? I notice Mr. Zronik indicated there are some areas up north that you were not covering before but you are now covering.

that

Mr. Goulet: Mr. Zronik is right in what he said, but the particular group that suddenly came under our wing in northern Ontario was under another number and under another safety group. They have come under our number now. We never had those people in the first place. It is just that every now and then groups and numbers change. They fluctuate. Different working groups and commodity groups will work back and forth from one safety association to another that come under various wings throughout the course of time.

Mr. Epp: They are just covered by different safety associations?

Mr. Goulet: There is a very good chance they were. There is the odd group of workers and employers in the province, we understand, that may not be covered by any association, which we are trying to rectify. As far as any ~~group~~ ^{farmers} back to the question, that we would like to see covered, we could say farmers in general. A lot of the actual down-to-earth grass-roots farmer are not covered by anybody. We are giving coverage to them.

We have a few people under our wing who, being a farmer myself, I find this hard to believe are classified as farmers. This is a big problem we have, defining who is a farmer and who is not. We have landscaping and other things pertaining to gardening in downtown Toronto. When I look at myself as a cash-crop farmer in southern Ontario, it is hard.

Mr. Epp: Landscapers are saying they are farmers? Is that what you are saying?

Mr. Goulet: That is correct. We cover them under the farm safety system.

Mr. Epp: Are farmers saying they are landscapers?

Mr. Goulet: That is a very good question. It is one we have tried to decipher too. We are not refusing to take anybody under our wing, and try to set up a program to give adequate occupational health and safety training to any group.

Mr. Epp: I notice there is a dramatic decrease in the number of deaths from 1983, when there were 48, to 1984, when there were 50, to 1985, when there were 27. Has that same decrease been maintained for the current year?

Mr. Goulet: In 1986, the safe trend is holding true. We are actually one less as of the last report of yesterday to what we were a year ago. We are down again at the present time.

Mr. Epp: You are ~~somewhere~~ between 10 and 15 at this point?

Mr. Goulet: We are only at six.

~~It is~~
Mr. Epp: ~~Six~~ at this point.

five of

Mr. Goulet: I would like to comment that, at this point, there are six fatalities classified in farming, but the fatalities we have that are classified as farm fatalities ~~right now~~ occurred while people were cutting trees directly or indirectly related to forestry.

which is
Mr. Epp: That ~~were~~ ^{was} done on farms?

Mr. Goulet: They were apparently done on farms. From what information we have ~~at the present time~~ they were done in wood lots. Let us put it that way.

Mr. Epp: What you need to do is expand your program--


Mr. Goulet: What we have been doing the last three years is calling on forestry products to bring their safety consultants in to work with our safety consultants to put on seminars across southwestern Ontario ~~on~~ the proper methods of cutting trees. We are getting a very high influx of fatalities and accidents pertaining to cutting timber. Being in farming, we really never expected this to happen so we called on our sister safety association to give us a hand in setting up programs to try to prevent this.

Mr. Epp: I want to ask one question with respect to funding. I notice the Workers' Compensation Board has only \$8.38 for every farm worker allocated to your organization; \$59.05 for construction; \$60.87 for mining and \$65.56 for forestry. Is there any reason why, in order to provide a better than adequate program for the province, your association could not have more money than they are currently getting?

~~There is no reason why, in order to provide a better than adequate program for the province, your association could not have more money than they are currently getting?~~

~~There is no reason why, in order to provide a better than adequate program for the province, your association could not have more money than they are currently getting?~~

P-1115-1 follows



(Mr. Epp)

~~...your association could not have more money than the~~
I notice you are right on the bottom of the totem pole. Obviously, there is greater risk involved in construction than there is in farming, based on the way this money has been allocated. Probably, statistics would prove that. I am not making a value judgement. I am just reiterating what is before me here. Is there any reason why you should not be getting more money in the future than the regular increase in order to ~~give~~ provide a better than adequate program in Ontario?

Mr. Goulet: That is a hard one to answer in some ways.

Mr. Epp: That is why you are here. We want to ask you the tough questions.

Mr. Goulet: We are one of the youngest safety associations, ~~going~~. We nicely got our feet wet. We know where our programs are going and which ones are working. We have been increasing our budget, perhaps not as much as some of the other associations, but asking for more. We have upped our staff in the past couple of years. The board of directors and the executive are looking at possibly asking for another staff person for 1986-87, the ways things are looking right now. A lot will depend on the final outcome of the task force. We have a lot of input there also. We are waiting to see what their recommendations are. We may be coming back for a large increase in staff and quite a substantial increase in budget for safety programs.

The health end of it is becoming very predominant. Basically, we were looking at the safety aspect with farm machinery. But we are finding that the health end of it, especially with farmers' lungs, grain dust, etc., now with pesticides and chemicals, with what limited research we have, that we are looking at expanding our programs there. We may be looking for a substantial increase in staff and budget to make the proper adjustments to keep the accident and fatality rates down.

Mr. Chairman: I would like to jump in here one moment. If the committee agrees, I am going to try to get as many questioners as possible. We are going to have a vote later on this morning. Do you have one final question?

Mr. Epp: No. That is final for now.

Mr. Philip: I have a number of specific questions on the Ontario task force report and also on the recommendations of the Ontario Federation of Agriculture. Before that, I would like to direct a couple of questions and perhaps Ms. Reed can answer them. What is your present staff?

Ms. Reed: We have 14 staff members, which includes myself.

Mr. Philip: That includes secretarial staff, etc.?

Ms. Reed: Yes, it does.

Mr. Philip: In your budget you have allocated association fees of only \$1,800. What associations would ~~these~~ staff belong to?

Ms. Reed: Those are not only staff memberships; they are association memberships. The association maintains memberships in the National Safety Council, the Canada Safety Council, the Canadian Standards Association, the National Institute for Farm Safety, as well as other organizations. We also do have some staff memberships. I do belong to the Institute for Association Executives. One of our staff members is a professional agrologist and belongs to that association. That gives you an idea of the type of memberships we maintain.

Mr. Philip: I appreciate your answer. ~~The reason~~ I am asking ~~the~~ question is not in any way to be critical of your association, but ~~rather that~~ we need some kind of yardstick when we are asking certain other safety associations how they are spending their money ~~and~~ some way of comparing.

to have

I notice you have \$94,000 for travel and vehicle. Having been in charge of leadership training for the Federation of Agriculture I know how much it costs to travel in the rural areas and ~~cars costs~~ in particular. Is that mainly *for* automobile costs and meals of staff? Is that what the \$94,000 figure is?

Ms. Reed: Most of it would be reimbursement for mileage that is necessary to cover the province. It also includes a meal allowance, accommodation as required, and those types of expenses.

11:20 a.m.

~~Mr. Philip: I know at the OPA, the way that they do it is to have a~~
~~could spend money on it by the way, and that's the way that you can~~
P-1120-1 follows

~~Recommendation as required, those types of expenses~~

Mr. Philip: ~~I know~~ At the Ontario Federation of Agriculture we were limited as to how much we could spend as a maximum per day on such things as meals. Do you have a limitation on that? In other words, do they have to account for it as ~~long as~~ they are on the road? Are they allowed a maximum of ~~X number of~~ dollars and anything over that they have to put in a voucher ~~or~~ with a note as to why they spent that money?

Ms. Reed: Absolutely. We do follow the policy as set out by the Workers' Compensation Board in that area. In our association, it is ~~certainly~~ followed to the letter.

Mr. Philip: Was there any out-of-province travel in that \$94,000 budget?

Ms. Reed: Yes, possibly on a couple of occasions. One that comes to mind immediately is that ~~we did have~~ a number of our management staff and consulting staff attended ~~the National Institute for Farm Safety~~ summer meeting last year in St. Louis, Missouri. That is the only one, I believe, that occurred last year.

~~Mr. Philip: Is it fair to say that if I were one of your staff persons, or one of your directors, who attended that meeting that my expenses would be paid out if I brought my spouse along I would have to pay for my spouse's cost to attend such a meeting, or participate in anything like that?~~

Ms. Reed: Our policy is that staff must pay for their spouses. On occasion, if it is approved by our board of directors, a member of our executive committee may take along his spouse and have her expenses, fees, and so on, paid for by the association. That is on rare occasions. ~~The exception is whether it is on a regular occurrence and, as I mentioned, it is approved by executive committee and, in turn, ratified by the board of directors.~~ It is

And
Mr. Philip: ~~Then~~, of course, it is properly ~~honoured~~ ^{audited}. I am satisfied with those answers. It would be interesting to see how other organizations compare in the way in which they operate to what appears to be some efficiencies and good management that you have built into your organization.

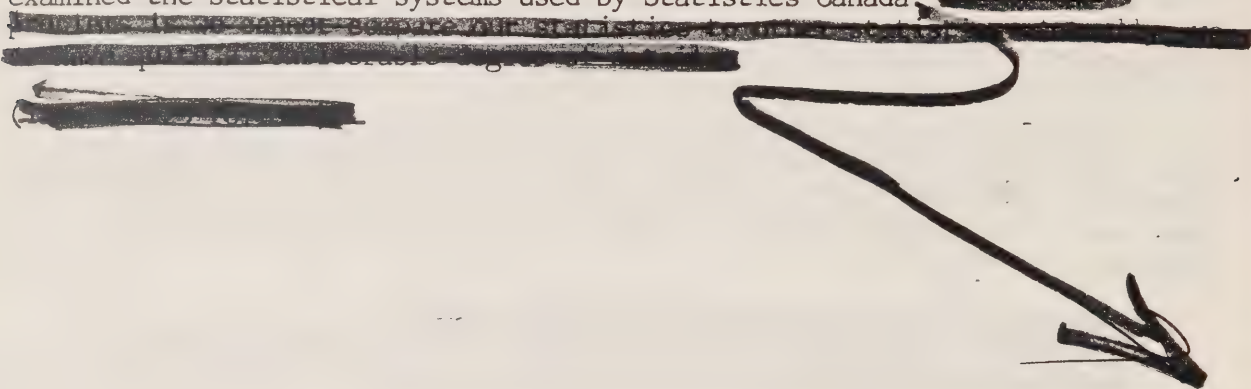
The thing that bothers me the most in looking at the various safety problems around the province is the lack of any real solid information. Recommendation 3 of the Ontario Task Force on Health and Safety in Agriculture in 1985 says, "Rigorous criteria be established for what fatalities are reported as farm fatalities and that they be classified, perhaps as set out" -- it then gives you some criteria to set it out in an appendix -- "with respect to the directness of their relationship to farm work."

Are you implementing that, or attempting to implement that at ~~the~~ present?

Ms. Reed: We are moving in that direction. As our president indicated earlier, we are awaiting the opportunity to sit down with people designated from the two ministries to further discuss these recommendations, as well as the content of the report because, of course, there are several areas addressed in the report that are not addressed in the recommendations. Yes, internally, we are working on it. However we are, to a certain degree, waiting to see what the recommendations from the two ministries are.

Mr. Philip: ~~S~~ If I were to go to your association at any one time could I obtain a list now of farm fatalities and find that list in some way classified so that I could understand that list, as suggested by the Ontario task force?

Ms. Reed: We have not progressed to the extent where we have examined the statistical systems used by Statistics Canada.



(Ms. Reed)

One of the problems is ^{that} we cannot compare our statistics to other statistics. Actually, we do have quite a considerable degree of detailed fatality information.

Mr. Philip: One of the recommendations was that there would be some attempt to make the statistics consistent so ~~that~~ you could compare them to Statistics Canada. Is that not the case?

Ms. Reed: That is the case, and we intend to pursue it.

Mr. Philip: But you are saying ~~that~~ you have not been able to do it so far.

Ms. Reed: We have not had an opportunity to do it ~~as of~~ yet, but I can assure you ~~that~~ it will certainly be one of our goals for 1987.

Mr. Philip: Another recommendation was that the agencies currently generating information on farm health and safety experience and those preparing statistics from that information work together to ensure that they use consistent definitions and systems of classification, and their input is compatible with other major statistical series. Are you saying to me that you are working on recommendations 3 and 7, and if we were to see you, perhaps, in a year from now, we would have some kind of statistical information that would be useful but, at the present time, it is not terribly helpful or useful?

Ms. Reed: It is not useful to compare it with other jurisdictions. Certainly, we use it to design programs but, no, at this point we cannot compare it with other jurisdictions and, yes, we do intend to pursue it. We should certainly have a progress report in 1987.

Mr. Philip: I have one final question, and maybe your answer will take 10 minutes. I am sure you have examined the Ontario Federation of Agriculture's comments on our response to the Ontario Task Force on Health and Safety. The OFA has made a number of recommendations in this regard. Can you tell us whether there are specific recommendations from the OFA which you are now in the process of implementing? Are there other specific recommendations which you have discounted as being impractical?

Ms. Reed: ~~Personally~~ I have not seen the submission from the OFA on the comments of this report.

Mr. Philip: It may be a good idea for you to get it then.

Ms. Reed: Actually, I am surprised that we have not received it because we do have quite a good relationship and, certainly, it has received a copy of ours.

Mr. Philip: The recommendations I am talking about are not in response to the--perhaps I phrased my question improperly--Ontario task force but it was its presentation to the Ontario task force. I am sure you have seen those.

Ms. Reed: Yes.

Mr. Philip: I am sorry. It was my question that was misleading. Have you responded to those?

Ms. Reed: We have not responded to those directly. We were actually waiting for the report from the task force. Certainly, no matter what happens to this report we intend to pursue these recommendations. At this time, however, we have had some contact with the two ministries. It appears that things are moving along on the report, and we were waiting to have some dialogue with these people to see what their feelings were on the report and what is going to happen to it.

Mr. Philip: How long have you waited for that dialogue?

Mr. Chairman: We have to be fair here. We have ^{not} reached ^{an} ~~your~~ agreement.
1

Mr. Callahan: You will have to bear with me. I have several questions on this. I was trying to pick up on some of the information.

Have there been any steps taken to draw to the attention of the farming public some of the major causes of accidents? What I am thinking of is in terms of the way you see these ads on television of the fellow falling off the ladder or the fellow walking towards the open shaft in the building.

11:30 a.m.

I have read through some of the fatalities. A great deal of them seem to revolve around tractors, tractors not even on the farm but on the roads where they are driving along and ~~they~~ drop a wheel into a drainage ditch. ~~and some of the fatalities are caused by the fact that the tractor is not properly maintained and the operator is not properly trained.~~
~~and some of the fatalities are caused by the fact that the tractor is not properly maintained and the operator is not properly trained.~~
~~and some of the fatalities are caused by the fact that the tractor is not properly maintained and the operator is not properly trained.~~

(Tape P-1130 follows)

Mr. Callahan)

Is there anything done in that regard, or is ~~there~~ anything anticipated in that regard, to try to highlight the more prevalent or more common types of causes of injuries or fatalities?

Ms. Reed: Perhaps I could refer that question to our public relations co-ordinator who is in charge of the information for that.

Mr. Zronik: Through our various information programs, we are constantly trying to keep the public informed on where the major types of accidents and fatalities are occurring. We do this through press releases. During the next month or so, National Farm Safety Week, we have a major campaign where we get a lot of media involved, such as radio, television, newspapers, magazines and so on.

We produce a press kit, which we have done for quite a number of years, with fatality ^{and} accident information to make the general public aware of what the particular situation is. As an example, we turn out a number of graphs each ^{year}, which I think you probably have or have seen, and a tremendous number of newspapers and media pick that up. Very often, that spurs them into getting in touch with us and doing a major article on farm safety.

It is not uncommon for us to get a full page or two pages in a fairly large newspaper at no cost to us, giving that information out. A lot of the farm publications have safety features on a regular basis. Our Farm Safe publication, which was mentioned earlier, goes out to 26,000 member farms. We are constantly putting information in there on pertinent issues and safety information we feel the membership should have. This publication also goes out to farm papers, as I mentioned, ~~the media~~. As a result of that, they will carry those stories on the media.

In the way of television, we did produce one short commercial about a year and a half ago, ⁱⁿ which we had a radio report that a farmer had had an accident. We have a scene in a farm kitchen where we have the farm wife and her child sitting ~~there~~ listening to this report. We end up simply with the message that farm safety is something we should talk more about. We have ~~received~~ ^{gotten} a lot of positive feedback from that particular commercial. At that time, it only cost us \$1,500 to produce. From one television station we got \$38,000 of free air time for that. Last summer, it was shown on one particular station almost 300 times. I think we are getting some good coverage out there.

Mr. Callahan: That document you just held up, does that go out to all members of ~~everyone~~ in the farming community?

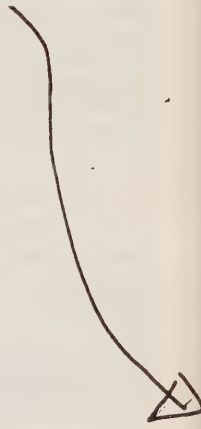
Mr. Zronik: This goes out to our membership ~~to~~ those farmers who are reporting to the Workers' Compensation Board. That is approximately 26,000.

Mr. Callahan: Have you ever considered putting in there the type of information you have provided to this committee, sort of the ~~block form stuff~~ ^{brief} ~~making~~ factual situations behind how these people died or were injured? It seems to me that although it makes tragic reading, it does in fact identify the danger posts that perhaps a farmer might have with reference to himself, his children or even his farm hands.

Mr. Zronik: As I mentioned, each year ~~we~~^{we} within our Farm Safe publication do a summary of where the major accidents and fatalities are occurring as we do with the general press. With any issue that is important, we are constantly bringing that to their attention within the publication. In our last issue, I noticed we had almost two full pages dealing with pesticides, one on poison control centres and the other one on the rinsing and disposal of containers. Pesticides ~~is~~^{are} a problem that has come up in the last few years. Last year, I believe, five out of our six issues had some reference to pesticide problems. We are trying to make the farm employers and farming public aware of those potential problems as we learn more and as we get more data on things that are happening.

Mr. Callanan: ~~I would just encourage you that~~ I think the stats on now the accident occurred are very much more helpful because ~~they~~^{they} identify the potentialities of that happening again on another farm. If you are told that if you stand between a tractor and a corn wagon, one of them may start up and you will be killed, it is not likely anyone is going to stand there.

P-1135 follows



~~to identify the potentialities of that happening again on another farm.~~
~~are told that if you stand between a tractor and a child, and one of~~
~~they may be killed, it is not likely anyone is going to~~
They will think twice before doing it. That is the only reason I am suggesting it.

Mr. D. W. Smith: I wonder if you have any statistics, or whether you get any information, as to the number of students who go and visit farms during the school year on a co-ordinated program. They are not just out there visiting. A principal or teacher of a school actually takes children out. I wonder if you have any problems along those lines. Are there many fatalities--not fatalities necessarily--or injuries reported on those school trips? Do you have much detail or data on that?

Mr. Goulet: I believe that has turned out to be a problem. This is one of the areas where it is hard to get statistics. Since there are approximately 83,000 classified farmers in the province, and approximately 26,000 are reported or paid through the Workers' Compensation Board, therefore the statistics we get have to come mainly from those 26,000. As to the other approximately 40,000 or more out there, there is virtually no way, other than by newspaper clippings, or a fatality where we get a police report or something, where we could really get a handle on what is happening. We have no way. The doctors in the hospitals where accidents or whatever would be reported ^{as} classified information. We have no way to get our hands on it.

If a school goes out and some child gets hurt on a farm, unless there is some way that report got back to the Workers' Compensation Board, ~~it was~~ ^{unless} major enough that a newspaper published it or if we picked it up through a police report or by word of mouth, we would never even hear about it. We have no way of obtaining those kinds of figures. Those kinds of statistics come, as Jane has said, through Workers' Compensation Board from the people who do report, from the Ontario Provincial Police when there is a major accident or fatality, from newspaper clippings or by word of mouth through our ~~directors~~ and staff.

There is a vast number of people whom we just have no way of getting the statistics on.

Mr. D. W. Smith: Do you think it would be in your group's best interest to know more, or do you think it would be better that you do not know all that goes on out there? How do you see that or do you think it should be pursued that you should have access to more information?

Mr. Goulet: We would definitely like to pursue that avenue and have that information. We are gearing the effectiveness of our programming--I want information we can get back to ^{us} the statistics that we are obtaining. We are obtaining statistics from not ^{many} more than 26,000 people who are reporting. We would definitely like to know what is going on out there on the family farms and the other operations that are not reporting by whatever legal means are necessary. We have some programs that we may think are great and wonderful, but we may find out, if we had a total picture on it, that we should be revising it. This is one thing we have asked for. When the report comes out, we hope there will be a method of obtaining other funding through other government agencies or whatever. I could get shot when I get back home for saying this, but maybe making it mandatory for the entire farming community to report to the Workers' Compensation Board ^{would give us} ~~we can get~~ a better handle on what is going on.

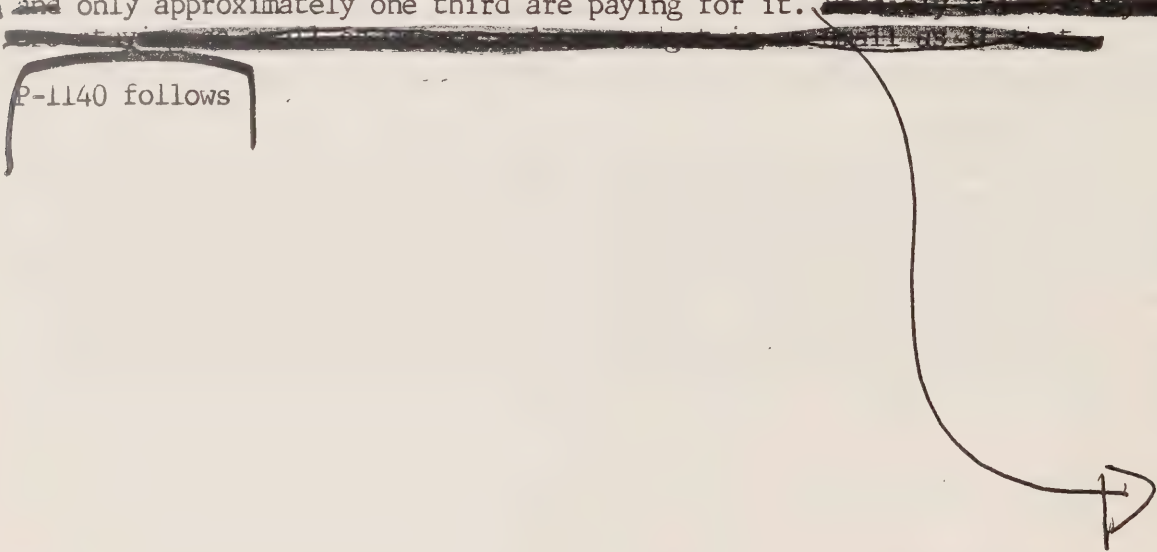
(Mr. Goulet)

It is pretty hard for our board of directors, virtually all of whom make WCB contributions, to give 100 per cent safety to all the farmers in Ontario when only approximately one third of the farmers are paying the entire shot. We have to look after our member firms and give them first choice, the ones who are paying a large amount of money to the Workers' Compensation Board. We have to give them the best we have. ^{where} ~~It tends that we~~ just possibly cannot give everybody 100 per cent ~~that~~ we should be. We do not have the funding and we just cannot justify looking after all the farmers in Ontario when only approximately one third are paying the shot.

Mr. Philip: Should there be an automatic charge on the other two thirds?

11:40 a.m.

Mr. Goulet: I would not want to say today whether there should be an automatic charge or whatever. I think that we and other powers to be, such as this committee, are going to have to sit down and take a good hard look at this in the very near future if the safety associations are expected to give 100 per cent coverage to the farmers in Ontario. It is virtually impossible for our board of directors and the executive to give 100 per cent to everybody when ~~and only approximately one third are paying for it. Possibly that is~~



P-1140 follows

June 12, 1986

(Mr. Goulet)

~~... in Ontario and it is virtually impossible to give 100 per cent coverage to everybody. This is why we are staying as small as we are and our budget is as small as it is. It is pretty hard to justify going out and giving something free to somebody when you do not know what is going on. There are a lot of freebies handed out today.~~

The worse part of it is the majority of kids that have been fatalities over the years are the children of nonpaying members. We have oriented programs. Lambton county, up in southwestern Ontario, in particular, was averaging five--and as high as seven--fatalities of kids 15 years of age and under a few years ago before we set up a local farm safety association. We brought them under our wing and gave a small grant. Since that time, Lambton county has worked very diligently. The members of that association have gone out. This is all volunteer work. They have gone to the schools on their own, along with fire assistance, and Lambton county for the past two or three years has been virtually fatality free, especially with the 15-and-under group. We know it works but it is pretty hard for our board of directors to justify these avenues.

Mr. Callanan: Do you think you could do with a new member there?

Mr. Goulet: The results obviously are--

Mr. Epp: Inversely related or directly related? Which way do you want it?

Mr. D. W. Smith: If we can get off that for the moment, there has been a lot of reporting done lately in the papers of suicides in the farm community. Do you have any hard and fast statistics that this is going up dramatically? Is it just a blip in a chart? How do you see this?

Mr. Goulet: The first we were aware of it was--I subscribe to, I believe it was Farm and Country. I stand to be corrected on that farm magazine. I came across an article in that approximately 30 days ago and I read it over with great shock to think that this is possibly going on. I brought this to the attention of Ms. Reed and we have been trying to investigate it to find out whether it is something we should get into. We were not aware of this up until this past month, that this could be so. I came across it in an issue of Farm and Country, and brought it to the general manager's attention and we are looking into it.

Mr. D. W. Smith: These accidents that are reported, do you consider them just accidents? There is nothing premeditated about ~~it~~ or anything ~~like~~ such as ~~that~~ ^{them} that?

Mr. Goulet: Up to this time, we have had no reason to think otherwise. We go mainly by the Ontario Provincial Police reports we get. If it looks serious enough or bad enough, we will send our consultants out to do a follow-up on it, to check it out, and, to this date, we have had no reason to suspect otherwise. If a tractor goes off the road or the side of a hill and rolls over, it is going to be pretty hard for us to determine whether the guy actually drove it off and rolled it over or drove it up the hill on purpose. From what we have run across in the past, that is going to be an awfully hard one to decipher.

the road

Mr. D. W. Smith: I have one final question. Of the family farm operators, as you designate them, what percentage are carrying workers' compensation on themselves or also on their spouses if both work on the farm? Do you have any percentages on that?

Mr. Goulet: Mr. Zronik has a pretty good handle on that.

Mr. Zronik: The most recent figure we have on personal coverage for farmers comes from the task force report. I think ~~they~~ states in there that approximately 3,400 of our membership of 26,000 are covered personally.

Mr. D. W. Smith: It is a pretty small percentage then of the 83,000 farmers you said there are in Ontario?

Mr. Goulet: That is the ^{last} figure we have.

Mr. D. W. Smith: Do you get any feeling they cannot afford it? Do they not want to be bothered? Do you have any feedback on that?

Mr. Goulet: ~~I find~~ ^{I find that} From general conversation with people in my own backyard, a lot of people feel it is not going to happen to them and that the price is fairly high. I guess they are gambling. It is not going to happen. That is from backyard conversations. To go out and take a survey on it, we have not done that. From my own personal experience talking to people, with what it costs today and the way things are, especially today, it is going to be awfully hard. A lot of us figure it is going to happen to the other guy.

Mr. D. W. Smith: If you wanted to cover yourself for, say, a \$20,000-a-year wage, would it be in the neighbourhood of \$1,700, \$1,800 or \$1,900? Is that what it would cost the individual? Is it more than \$952 for every

Mr. Goulet: ^{it is about \$6} ~~More than \$600.~~

hundred dollars

Mr. D. W. Smith: That is \$6 for every \$100 of wages. Is that right?

Mr. Goulet: That is right.

~~Mr. Goulet: They could have it if they had it. I don't know.~~

~~Mr. D. W. Smith: They could have it if they had it. I don't know. I don't know if one of these people who were collecting workers' compensation was a farm accident. Frankly, I still do not care. It was a farm accident. I don't know if they got 639 or 630. (If correct, this was 20 years ago but I did not know.)~~

P-1145 follows

~~Mr. D. N. Smith: I was in a farm accident, but I did not think I got enough. I think I got \$30 a week. Of course, this was 20 years ago, but I did not think it worth having because it did not pay any bills. It did not do anything. I happened to be working for another chap at the time.~~

~~Mr. Philip: A lot of them have~~ ^{private} insurance (Maudible).

Mr. D. N. Smith: They could have, but they may not. I happen to be one of those people who have collected workers' compensation from a farm accident. Frankly, I still do not carry it on myself. I did not think I got enough. I think I got \$30 a week. Of course, this was 20 years ago, but I did not think it worth having because it did not pay any bills. It did not do anything. I happened to be working for another chap at the time.

You have to be aware that this can always happen to you. I say as a farmer, one who works so much with the weather, whether it be in the planting time in the year or any other, you work against the day ~~but~~ it is going to rain; you have to get everything done, so you work night and day. That is what a person in another field cannot perhaps comprehend. They go to work eight hours a day. It does not make any difference whether it rains. Their jobs are still there the next day.

The farmer is different. He has to contend with the weather at all times. That is why we get tired. We forget. We think it will never happen. I did not think ^{mine} ~~it~~ would happen either, but I ended up in the front end of a forage wagon. I know it can happen very quickly and very easily. I have to thank my lucky stars I am here today.

I think you are doing a good job, and we hope you can find in the future some of the answers you are looking for.

Mr. Pope: First, I congratulate you on your presentation and on the success of your programs, which a number of us in our party have heard about throughout the province.

Mr. Goulet, you have indicated you are a cash crop farmer yourself. Does your own personal work history include a farm accident?

Mr. Goulet: I think the honourable member knows that. Yes, I have had quite a dramatic experience. Along with Mr. Smith, I am very lucky to be sitting here today. I was caught in a corn picker approximately 14 years ago for an hour and a half back out in the middle of no man's land. I was trying to get the job done in a hurry. I had 12 rows left. I would have been done for the entire year. I had promised to take my wife ~~for supper~~ for supper if we got done that night.

I had a blockage and I shut the machine completely down and I could not find the blockage. I checked two or three times. I finally left it running and found out where the blockage was when it was running. In my great haste to get back on the tractor to shut it down and take the corn picker apart, I tripped over the drawbar on the wagon and fell head first towards the corn picker. I stuck out my left hand to try to try to protect myself and ended up going into the husking bin and being pulled up to the shoulder.

Mr. Philip: Is the corn picker not the biggest cause of the loss of hands? I remember, when I was in the Ontario Federation of Agriculture, the number of times I would stick out my hand and find out that the fingers were

so
(Mr. Philip)

person offered his
missing on a person's hand or that the left hand. [REDACTED]

one would be hard-pressed to dispute that;
Mr. Goulet: I would say, at that time, you are more likely than correct. The corn picker was very devastating to people back in the 1960s and early 1970s. It was a piece of machinery a lot of people took for granted would just pick corn, but a lot of us found out it would take arms and legs and other parts of the body.

Mr. Philip: Sorry, I did not mean--

Mr. Pope: No, that is okay.

We are fortunate in having someone with your experience and commitment heading up this organization, and we are very grateful to you. You receive money from the Workers' Compensation Board of Ontario. Do you consider yourself to be publicly funded?

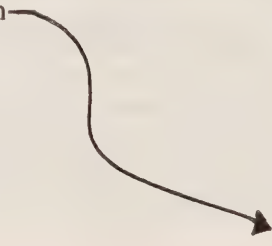
Mr. Goulet: Do I consider myself publicly funded? Yes. I receive a small per diem as president. It is a small honorarium. Yes, I would say it is very much public money. I am very conscientious of the money that is paid to me.

Mr. Pope: Do you consider yourself, therefore, to be a public agency?

11:50 a.m.

Mr. Goulet: We try to look at ourselves as an agency that is out to help people, but we are trying to get away from the public agency ^{image}. I guess we are directly. A lot of farmers figure that the Ontario Farm Safety Association is a government agency, and it has been an awful hard time to break the ice. We have accomplished many things in the past two years that we could not accomplish before. I think we have finally convinced the farmers that we are not government inspectors, that we really do not work for the provincial government. Although it is public money and comes indirectly, they seem to think workers' compensation is directly part of a provincial government body and they always associate us with--

P-1150 follows



(Mr. Goulet)

~~Government employees are not considered as government people. They are not considered as a direct part of a provincial government.~~
in the provincial government, as government people. They thought we were out there to put a lot of rules and regulations on them and do a lot of enforcement.

In the past couple of years, we have tried to break that image. We are a safety association. We are there to help and advise. That is what our job maintains. We are not going to slap any fines on anybody. We are not going to force anybody to do anything. We try our darndest to make them more aware of what they can do to protect themselves and their employees.

Mr. Pope: I have four very brief questions. Do you think audit and legal fees of \$2,173 ^{are} enough to carry on and seek the advice you need from both your auditors and lawyers? It is a rather stark comparison to others we have seen.

Mr. Goulet: Possibly we are very fortunate. It is very rare that our association ever gets into a matter or a situation where we would ever need legal counsel. If those situations do arise, we have always gone to the workers' Compensation Board for assistance and advice from their legal departments.

We work very closely with the Workers' Compensation Board. We have a very good working relationship with them. They are the people who okay our budget in the end. We work very closely with Workers' Compensation Board people. We let them know what we are doing and why we are doing it.

As far as the audit moneys that are paid out, we hire a private auditing firm ~~to~~ ^{to} audit our books. ~~It is a~~ ^{It is a} decision of our board of directors. On auditing, the executive audits the budget pretty well monthly and the board of directors audits our budget quarterly. We meet four times a year. Our budget is audited quite a few times in the course of a year.

Mr. Pope: That has the public auditor smiling. Do you have an operating memo or agreement between the Workers' Compensation Board and yourselves that sets out your relationship?

Mr. Goulet: We have a constitution. I will refer that to my general manager.

Ms. Reed: Along with the other eight safety associations, we have signed an agreement that outlines our relationship with the Workers' Compensation Board.

Mr. Pope: Is it possible for us to get a copy of that? Not right away, but could you send us one?

Mr. Goulet: Yes, sure.

Mr. Pope: Directors' expenses and per diems is \$52,295. What is the per diem rate?

Mr. Goulet: The directors attending a board of directors' meeting receive \$50 per day plus accommodation, meals and mileage. There is one other thing. If they attend a series of meetings in the course of a day, where they may attend a committee meeting plus a board of directors' meeting, they could get as high as \$80 in a given day, but that is pretty rare.

Mr. Philip: You are not going to pay off your mortgage on that.

Mr. Goulet: No, it is more or less a volunteer group and the moneys that have been paid to the board of directors are to help offset some of the costs. The majority of the people are from farming operations of one type or another. It is to help compensate for the lost time that they are away.

Mr. Philip: How does that compare to the per diem of the Ontario Federation of Agriculture at the moment? Do you know what ^{the} OFA pays?

Mr. Goulet: I have no idea what they pay.

Mr. Philip: It seems to me that their per diem was that in 1973 when I was working for them.

Mr. Goulet: Some of our directors who come from the commodity groups do not put in for any per diem or anything. The commodity group picks it up. Therefore, there is the odd commodity group director who does not charge anything to the Farm Safety Association. We have doublechecked to make sure nobody is collecting double: once from us and once from his group. We run a pretty tight ship.

Mr. Pope: Have you made any progress in the past two months in terms of your relationship with the farm machinery industry?

Mr. Goulet: Not.

Mr. Pope: Have you cleared up the difficulty of dialogue?

~~been able to find any organization that will allow farm equipment manufacturers or have in their files that were in the~~

P-1155-1 follows.

(Mr. Pope)

→ Have you been able to find any umbrella organization that will allow you to talk to the farm equipment manufacturers, or have the difficulties [redacted] indicated in April 1985 continued unabated? Has there been any improvement at all?

Mr. Goulet: I have not been dealing directly with that. The general manager dealt with it to a great degree. She keeps me informed. I will turn that over to Ms. Reed to find out what the latest is. We have been working on other matters and preparing for today, so we really have not had a chance during the last couple of days to [redacted] talk over some of our regular business.

✓ Ms. Reed: We have an ongoing relationship with such organizations as the Ontario Retail Farm Equipment Dealers' Association. However, I know there was a specific recommendation in the task force report on that particular item. You will note, recommendation I stated, "that an agency be established jointly by the Ministries of Agriculture and Food and [redacted] of Labour that has comprehensive responsibility for developing and administering health and safety programs in agriculture." ✓

As I understand it, one of the jobs that this agency, when established, will do is deal with these recommendations. Therefore, as an association, we did not feel it was our immediate responsibility or jurisdiction to start moving on that without some dialogue with the ministries. However, we have provided suggestions or comments to the two ministries on all the recommendations contained in that report.

Mr. Pope: If you were asked by the two ministries, would you be prepared to move in on this area and improve it?

Ms. Reed: We would certainly be willing to work in any way to improve this area. We see it as a priority area. Provided that the resources can be there, we would certainly co-operate to our fullest extent.

Mr. Pope: You seem to be doing a fairly good job. I do not know why the two ministries would not ask you to expand your mandate a little bit and get into this area. It has been a year now. Have you had no request to move in from either of those ministries?

Ms. Reed: Not at this time. I understand that this matter is being considered by the two ministries at this time, and we have been given some assurances; ~~that~~ when they are ready, we will sit down and talk.

Mr. Pope: Would you prefer to have some of this responsibility yourself, or do you think another agency is what we need? Yours seems to be rather successful.

Ms. Reed: We feel that safety education should be extended to all farmers in the province. That is why we are involved in many of the programs that we are. We would like an opportunity to discuss all the alternatives and how we might accomplish this. We feel that the Farm Safety Association has a lot to offer in this area.

Mr. Pope: From what you are saying, I take it ^{that} you have not had that opportunity yet.

Ms. Reed: Not at this time.

Mr. Pope: This is after a year.

Ms. Reed: The report was tabled in December 1985.

Mr. Pope: Then it is six months.

Ms. Reed: Yes.

Mr. Philip: I am not being judgemental on this. I recognize that the average farmer, maybe with one or two staff, is in no way going to do anything consciously that is going to hurt either himself, his family or his ~~staff~~ staff. However, in the case of the large corporate farms, does the inability of the Workers' Compensation Board to apply financial penalties to those who seem to have a number of claims act as a deterrent in forcing some of those people to run safer operations?

Mr. Goulet: With the double assessment that the WCB sees fit to put on the larger corporations or firms in farming that tend to have a fair number of accidents, it is not too long before they are calling us to ask for assistance.

Mr. Philip: It is too bad that it happens after, rather than before.

Mr. Goulet: That is correct. It is too bad somebody has to be injured, maimed for life or possibly even killed before some of the firms--

Mr. Philip: Does it make some sense that in the case of the large corporate farms, there should be some kind of fairly rigorous inspection system, not directly connected to your association, but reporting to your association or sharing information so accidents can be prevented, rather than simply taxed after they happen? that

12 noon

~~Mr. Goulet: This could possibly be a necessary evil. As I stated earlier, in the last few years, there has been a lot of job loss, a lot of larger and smaller farms are realizing that farm safety association consultants~~

P-1200-1 follows.

~~... impossible system, not directly connected to your association but dependent on your association or securing information so that accidents can be prevented by simply taking safety steps.~~

Mr. Goulet: This could possibly be a necessary evil. As I stated before, the last two years we seem to have broken a lot of ice. A lot of the larger and smaller firms are realizing that the Farm Safety Association and our consultants are there to help and assist. We are getting more calls for safety audits and safety treating programs than we did before.

The larger firms are taking a lot of the time, which we are very happy with. For the audits, we send one of our consultants in to train the individual.

The Vice-Chairman: We have three people who want to ask quick questions, and we have about four and a half minutes.

Interjection: Can I ask a supplementary?

The Vice-Chairman: I am going to give Messrs. Epp, Callahan and Pope turns, and try to make it as quick as possible.

Mr. Epp: Very short. Two things; I want to compliment you on your presentation today and on the active participation of the officers of your organization. They obviously know what is going on. It is quite a contrast.

These figures that I spoke about earlier, they seem to be somewhat misleading, and not intentionally, because of the fact that you do not represent all the farms in Ontario. What can really be done to expand on that? I know you have partially addressed that, but what can you do in order to involve 80 to 90 per cent of the farmers in Ontario as opposed to 30 to 35 per cent?

We have looked at two things. One
Mr. Goulet: The two things we have looked at is the possibility of the Ministry of Agriculture and Food giving additional funding to the Farm Safety Association to help promote a program for all the farmers. One other thing we have looked at is mandatory reporting, the joining of the farming office in Ontario to workers' compensation, *Board*

Those are (the)
~~That is~~ the two things we have looked at. As I mentioned before, we are hoping possibly that the task force might help with some of the recommendations that we have been asking. We are looking at possibly the possibility of the Ministry of Agriculture and Food to financially assisting our association in some of the ideas ~~are from up and this has been presented.~~ *which have*

Just where we are going to end up, we are not sure, but in order to do a 100-per cent, we feel that another government agency, or a mandatory joining of workers' compensation, will be necessary to give us the proper mandate *needed* perspective to give 100 per cent coverage to all the farmers in Ontario.

Mr. Callahan: Just a very quick question, because I think it tells us something. In the stats on the age of the victim, it seems as though the 16 to 25 and 26 to 35, seem to be the most significant areas where there are victims of accidents. I notice in the report from the manager that the 4-H Club involvement is minimal, and is not representative.

I also understand from my friend the member for Langton (Mr. D. W. Smith) that the age group of junior farmers has gone from 26 to 21. He may be wrong; I would not know whether he was wrong or right. Has anything been looked at in terms of trying--and he may be wrong. I would not know.

46
June 12, 1986

(Mr. Callahan)

I just draw that to your attention, because it seems to me that ^{this} ~~that~~ is a place where efforts should be concentrated, just as it is in driving cars. It seems to be an age where either they are accident prone or they take more risks. I just draw that to your attention. ^{range}

Mr. Goulet: We feel you are basically correct. Our stats show that since we went with the school program, we have definitely cut the fatality rate. The accident rate is down in the 15-and-under group.

Mr. Callahan: I just jumped in. I do not want to challenge that. From 1933 to 1985, certainly ⁱⁿ ~~on~~ the 16-to-25 age category, it has gone up from 42.4 to 43.8 per cent.
(43.5?)


Mr. Goulet: I was just coming to that. I am going to comment on two things and come back to specifics. The other group, 15 and under, ^{has} ~~is~~ definitely a decrease over the ~~one~~ last five years. We are getting hit very hard in the 55-and-over group. We think we have an explanation for that.

^{been} We are finding out that the younger group, ^{the} 15-to-25 group, ^{includes} ~~that is~~ a lot of the part-time summer labour. If anybody has a teenager at home, like I do, ^{the} might find out that once they get to be teenagers, they seem to think they know more than their elders. It is very hard to get the point across. We feel ~~that~~ this has something to do with it.

^{are} A younger person ~~is~~ out on their own; they have their first jobs, and it is a little hard to get the safety ~~too~~ because they think they are out there doing a great job on their own. This is something that we have--

^{point across,} Mr. Callahan: But you are going to concentrate on that now?

~~we are concentrating~~
P1205 follows



on which

~~Callahan, they are going to concentrate~~
Mr. Goulet: We seem to have things under control in the very young group, ~~where~~ we really concentrated. Now we are getting the older group where we concentrated less when we took the surge on the younger people because of the ^{number} ~~amount~~ of fatalities of the really young. I guess it boils down to teaching the old dog some new tricks with the older people.

Mr. Pope: Very quickly, do you have any problems sharing the information you acquire with any government, government agency or employee?

Mr. Goulet: We have no problem whatsoever sharing our information with anybody. ~~really~~ We have to be very careful when we give out fatality reports to anybody. I really cannot use another person's name or anything like that, which is protocol. As far as the statistics or anything we have, we are more than willing to share with any government body, agency or other safety association anything we feel we can do to help promote safety and reduce accidents and deaths in Ontario; we definitely do. We have to be careful with names and addresses of fatalities. We just cannot give those out at random.

Mr. Chairman: Mr. Goulet, thank you and your colleagues for being with us today. We appreciate your contribution. I also want to thank Dr. Elgie and Mr. Armstrong, who has already left and any other individuals who were here to assist. We appreciate your being here. I know Dr. Elgie will see you again next week, I suspect. We will have the Industrial Accident Prevention Association before us next week.

That completing the business today, we will adjourn the meeting.

The committee adjourned at 12:07 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

ORGANIZATION
SAFETY ASSOCIATIONS
ALLEGED CONFLICT OF INTEREST

THURSDAY, JUNE 19, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gordon, J. K. (Sudbury PC)

Harris, M. D. (Nipissing PC)

Philip, E. T. (Etobicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitutions:

Martel, E. W. (Sudbury East NDP) for Mr. Wildman

Sterling, N. W. (Carleton-Grenville PC) for Mr. Harris

Clerk: Arnott, D.

Staff:

Kaye, P., Research Officer, Legislative Research Service

Witnesses:

From the Industrial Accident Prevention Association:

Donaldson, G. F., President; Manager, Loss Prevention and Security, AEL
Microtel Ltd.

Findlay, J. V., Executive Vice-President and General Manager

Oldham, J. H., Director, Media and Public Affairs

Johnston, R. C., Second Past President

From the Ministry of Labour:

Armstrong, T. E., Deputy Minister

From the Workers' Compensation Board:

Elgie, Dr. R., Chairman

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, June 19, 1986

The committee met at 10:08 a.m. in room 228.

ORGANIZATION

Mr. Chairman: Will you come to order, please. Before we get on with the regular agenda, I want to advise all members that at 12 noon--and I encourage you to be present--we are going to deal with the process for the reference from the House with respect to the matter of the member of Oriole (Ms. Caplan). The steering committee has dealt with this question for the past couple of days, and we want to establish a schedule for those hearings this morning. If you can all be present at 12 o'clock, we would appreciate it.

Mr. Polsinelli: I would point out that the bells in the House will probably be ringing at 12 o'clock to call us in for a vote. -

Mr. Chairman: Whenever the vote is over, we will reconvene the meeting. That is the intent.

Mr. Epp: You might also want to remind members that the regular question period starts at one o'clock today.

Mr. Chairman: Yes, question period starts at one o'clock.

We will move on to the regular agenda. I wonder if the representatives of the Industrial Accident Prevention Association could come forward. Mr. Donaldson, could you please identify the gentlemen and their capacities?

INDUSTRIAL ACCIDENT PREVENTION ASSOCIATION

Mr. Donaldson: My name is Fred Donaldson. On my far right is Jack Oldham. Immediately to my right is Jim Findlay and on my left is Ron Johnston.

Mr. Chairman: I understand you have a statement. I might advise members of the committee that copies are being made at this moment. We will have them shortly.

Mr. Donaldson: Before we get into the formal part of this meeting, it is quite appropriate that I offer an apology to this committee. When we appeared here on June 5, 1986, we were truly ill prepared. I sincerely offer our apologies for wasting the time of the committee. We have come prepared today. To make the most of the day, we should get right into the subject at hand. Again, I apologize for what happened on June 5.

I will begin by reading a statement into the record. Afterwards, the Industrial Accident Prevention Association representatives here today will be pleased to assist you in answering any questions you have.

The IAPA represents over 65,000 firms, which in turn employ approximately 1.4 million people, which is 75 per cent of all the workers in Ontario who are represented by safety associations. Coverage includes thousands of processes and occupations, everything from clerks in small businesses to workers in high-technology companies.

In very simple terms, the IAPA was established to promote a safe and healthy work place for all employees in our member firms. Our primary instrument is education, but it is important at this juncture to explain how we interpret the word "education." It is threefold: first is education and training, not just to workers but to line, staff managers and executives alike, second is consultation and third is problem solving.

Funding from the Workers' Compensation Board, as I know you are aware, allows us to carry out our objectives. What is sometimes misunderstood are the mechanics of the funding process. The WCB funds are obtained through a special levy it imposes on the industries we serve. The levy is specifically designed to accommodate our funding. As a nonprofit organization, any revenues we realize are used to reduce the funding required for our activities.

Historically, we received our charter from the Ontario government in 1917, so you can appreciate that we have a good deal of history to draw upon.

One of the cornerstones of the IAPA is a large and dedicated volunteer contingent. It provides us with many unique advantages.

Mr. Epp: Before Mr. Donaldson goes on any further, do we know approximately how long his statement will take?

Mr. Donaldson: About 12 to 15 minutes.

For one, we have developed a close and fruitful relationship with the industries we serve, a relationship that has given us support in the form of time, talent and expertise. In round terms, we have an active body of some 2,300 volunteers from our estimated 65,000 companies. Speaking conservatively, if this resource were to be paid for, it would cost us some \$15 million. That is in excess of our annual budget, which is about \$15.8 million.

Just to add an independent appraisal, the International Labour Organization, headquartered in Geneva, has gone on record, stating its observation that the most effective safety work is done in those countries where there is a strong voluntary safety movement.

Right now, I would like to take a moment to enumerate some of our services, such as: consultation with member management to help them understand their injury record and then improve it; consultation with shop health and safety committees with respect to their ongoing activities; measurement and assessment of potential exposure to toxic substances; technical courses and seminars; our program in the schools to help students make a safe transition from school to the work place, and our popular annual forklift truck safe driving competition, which attracts hundreds of participants.

What of the future? We are approaching it with a host of exciting initiatives. Among them are stepped-up education in the schools, concentrating on ways to involve the formal education system by making safety and health an integral part of the curriculum at all levels; a proper accreditation system for professionals in the field of safety and health; and greater community involvement, where workers' entire families are involved with the work sites, leading to a safe and healthy environment at home and at work. The project in North Bay is a prime example of this.

Behind all this activity is a network that keeps the IAPA vital and growing. While this network is responsible for the success of the IAPA, we continue to review and change it. To give a perspective, the IAPA is a

federation of 10 safety associations, each of them categorized by specific industry. The volunteer staff I mentioned earlier are backed up by and work through a professional staff to develop and deliver services effectively.

I do not want to burden you with details, but in simple terms the IAPA is run by a board of directors drawn from the various sectors of the organization. All the members of the board are volunteers. The general board of directors delegates the exercise of its powers and duties to the administrative committee. This committee consists of 25 representatives from member companies and is elected by the board of directors.

The administrative committee meets regularly and conducts the business of the association. It reports to the board of directors twice a year, and its actions are subject to the approval of the board. In performing its function, the administrative committee receives input from the industrial sectors. There are seven officers, duly elected at our annual meeting in April, who are members of the administrative committee.

We also have an advisory board made up of senior executives from some of the major firms within the association and selected by the administrative committee. The advisory board exists solely to offer valuable perspective on policies and practices.

With that said, Mr. Chairman, your committee has some specific concerns about the IAPA mandate and its operating procedures. On June 5, your committee raised a number of concerns, and while we did not respond adequately at that time, we are confident that today's meeting will be different. We are here in a spirit of co-operation, and I believe the committee will see fit to respond in kind. I will attempt to state to the best of my recollection each of the questions asked and then respond as best I can.

You asked why Jim Findlay was absent on June 5. I must remind the committee that the invitation to appear was addressed to me, and that a judgement decision on my part selected the participants.

A question was raised about the portrayal of workers in television advertisements. It is a fact that the IAPA has not mounted a television ad campaign in the past four years and was certainly not a party to the ad campaign in question. A sister association, over which we have no control, sponsored the campaign. We specifically advised Mr. Martel of this in a letter dated November 18, 1985.

10:20 a.m.

There was a discussion of portraits in our offices. We have four training rooms, each named after one of our general managers. In each of the rooms hangs either a watercolour or a charcoal drawing of the manager for whom the room was named. There is no other art in the rooms. Let me assure you that the drawings would not be considered lavish by any objective standards.

The number of boardrooms we have came into question. To set the record straight, we have one boardroom and four training rooms, all of them used regularly both by internal and external groups, not only during working hours but also in the evenings and on weekends.

Much was made of the location we occupy. The committee had obviously done some homework, but unfortunately, some of the most important facts were missing. For instance, the property at 60 Bloor was being offered on a

sublease for a one-year period, and the rent would increase to fair market value when the lease expired. An independent appraisal showed we would save \$1 million during a five-year period by choosing 2 Bloor over 60 Bloor. Our figures show that to date we have already saved some \$500,000 in the first year.

Expense accounts and our method of accountability were also questioned. Specifically in question were the accounts of the general manager. I can assure you that his expense statements were signed by either the president or his designate.

The committee also asked about club memberships. In all, we have memberships in 52 organizations: 34 of them are technical societies or organizations; 14 are boards of trade or chambers of commerce, many in smaller centres where we are able to make valuable business contacts; and four are what you might choose to call specialized memberships. Since our last meeting with this committee, we have reviewed these memberships, and as a consequence, these specialized memberships will not be renewed.

The committee asked about travel to a meeting of the National Safety Council. We sent eight people to the last one. Usually held in Chicago, it was moved by the council to New Orleans. It is a technical conference to which three members' wives were invited, and they accepted the invitations. Their travel and accommodation costs were paid by the IAPA. The question of travel is currently under review; however, I can report to the committee that our practice of paying travel and accommodation for spouses has been terminated.

We were asked at our last meeting about legal fees. In 1984 we incurred expenses of \$30,000 for legal assistance on behalf of all nine safety associations. We were engaged in an undertaking aimed at developing a policy document and a resulting structure for an occupational health and safety accord. In 1985, that accord was signed by the Workers' Compensation Board and the other safety associations. The accord helped to consolidate all services under a common umbrella, it recognized the synergies and commonalities among associations and it sought to find a meaningful role for labour in the delivery of health and safety education.

You may be interested to learn that, as a result of the accord, there has already been a saving to one of the safety association of some \$70,000 this year, and additional savings are anticipated.

The remaining fees were incurred as the normal cost of doing business. I might add that business is being conducted in an environment that is increasingly fraught with legal pitfalls.

The question of South Africa was raised. It revolved around a former president of the association who went to South Africa without blessing or funding from the IAPA. On his return, he wrote a technical article, primarily addressing safety. It was published in an IAPA newsletter. Hindsight, I am afraid, is 20/20. If that article were to come up today, it would not be printed.

The role and influence of the IAPA's board of directors was questioned. In net terms, the president is the chief executive officer; the general manager is the chief operating officer. The general manager's job is to carry out the wishes and policies of the board, the associations' officers and the administrative committee. The general manager also carries out the day-to-day operations of the organization. Clearly, however, he is accountable to the elected bodies, all of which consist of volunteers.

The issue of women on the board was also raised. The member companies determine the representatives to the board of directors. We do not establish any particular ground rules for the selection process. However, what we do ask is that the member companies choose the individual who is best suited to the job, regardless of sex, race or religion. Statistically, however, there are 125 women in prominent volunteer roles in the field. Five serve as chairmen of their respective divisions and section committees, which in turn are responsible for association activities in their area.

The issue of geographical representation was brought up. Here it is important to remember that the IAPA represents members both by class of industry and by geographical area. Thus, directors are drawn from categories of industry as well as on a strictly geographical basis. In keeping with this distribution, we have 12 directors across northern Ontario and 17 directors in the eastern sector of the province.

Finally, before I open for questions, I would like to cover off the concerns expressed about labour's involvement in the IAPA.

It is a fact that the IAPA was the first organization of its kind to approach labour in an attempt to establish closer ties. This initiative was wholeheartedly accepted by labour and led in 1968 to the establishment of a joint IAPA-Ontario Federation of Labour committee, a successful forum for open communications and dialogue between the two groups. Windsor and District Labour Council and the IAPA's Essex division have conducted joint activities successfully for a number of years.

These are but some examples of the efforts being made by the IAPA to involve labour in the association in a meaningful way. Let me assure you, we are certainly seeking ways of improving that involvement. This is one of our primary objectives; if you have suggestions that can help, we will be glad to hear them. It is an important objective.

Thank you for allowing me to make this statement. I will be pleased to entertain your questions.

Mr. Chairman: Up to this point, six members have indicated an interest in asking questions. With the agreement of the committee, I would like to limit the individual members to about 10 or 12 minutes so everyone has an opportunity and perhaps we will have an opportunity for a second round.

Mr. Martel: I want to speak to what you have just commented on, Mr. Chairman. As far as I am concerned, 12 minutes is not nearly enough time. I have about 100 questions, rather detailed, and we had better be prepared to sit again. I am not prepared to cut them off, partly because the answers we have received, even as of today, are totally evasive and do not deal in a comprehensive manner with the issues we raise. There is an attempt to provide some sort of answer, but we were rather more specific in our questioning last week, even though we held back to some degree.

The answers do not cover thoroughly what was raised. I will give you a couple of examples--I do not want to go into it other than to show you how--no, never mind; I will back off. I just do not have enough time with 12 minutes. We are going to have to sit again, that being the case.

Mr. Chairman: We all appreciate your interest in this issue, but we also have to be fair to all members of the committee. Perhaps, as you say, we are going to require additional time to deal with all the questions.

Mr. Epp: I agree with Mr. Martel, and I presume you will schedule another meeting in the near future. As you know, we have another matter before the committee which we have been directed by the House to deal with immediately; but after that, I will be more than pleased to agree to schedule another meeting.

10:30 a.m.

Mr. Chairman: All right. Mr. Epp, you are the first questioner.

Mr. Epp: Mr. Findlay, how much do you get paid?

Mr. Findlay: I am paid \$70,235.

Mr. Epp: How long have you worked for the association?

Mr. Findlay: Since 1972.

Mr. Epp: Is any of that \$70,000-plus in the form of expenses, or are those in addition?

Mr. Findlay: My salary is determined by a document produced by the board for the safety associations. The board went through a process of the Hay evaluation for all the employees of the various safety associations. The evaluation for my position is determined by a study by the Hay organization, which has done studies in industry and government. Those salary ranges are established by the Hay organization and approved by the Workers' Compensation Board and are applicable to the positions within my association.

Mr. Epp: Do you not believe that a manager of an important organization such as the IAPA making more than \$70,000 a year should have the ability and the wherewithal to be able to prepare his officers for a meeting that took place here two weeks ago and then have the courage to accompany them because of the kind of questions they might be confronted with from a legislative committee?

Mr. Findlay: In the presentation Mr. Donaldson just gave you, there was discussion among the volunteer officers and myself and others, and as Mr. Donaldson pointed out in his brief to you--

Mr. Epp: I know what he pointed out. I am asking you why you did not accompany them.

Mr. Findlay: I am an employee of this association. I am responsible to the chief executive officer. I cannot answer for that. I make recommendations to those people, and the decision for me not to accompany them that day was made in a sincere business commitment. I was a party to it, but I was not the final--

Mr. Epp: Are you implying you distinctly recommended that you accompany them and they denied you the opportunity of coming along?

Mr. Findlay: No, sir. I did not imply that.

Mr. Epp: What are you saying? Did you recommend that you come along and they denied you the opportunity?

Mr. Findlay: I am not saying they denied me the opportunity.

Mr. Epp: Did you recommend it?

Mr. Findlay: I recommended that I should attend as part of the opening of the discussion, and that was considered. The decision was a corporate decision made by the organization. I am only one of the parties involved.

Mr. Epp: You distinctly recommended that you come along two weeks ago to the hearing to supply facts and information to this committee and they said they did not need it?

Mr. Findlay: In the original meeting with respect to that meeting, yes there were recommendations as to who should attend--

Mr. Epp: I am not talking about recommendations. I am asking whether recommendations were made by you that you attend. I am asking a specific question. I want a specific answer.

Mr. Findlay: Yes, sir. I recommended that I attend.

Mr. Epp: You specifically recommended that you attend? -

Mr. Findlay: As one of the recommendations.

Mr. Epp: And they denied you the opportunity of coming?

Mr. Findlay: They did not deny me the opportunity of coming. They in their wisdom made the decision, since it is a volunteer organization, that they would come. The invitation was extended to Mr. Donaldson, not to me. I have never been involved in any one of these activities before. I did not know what the procedures were.

Mr. Epp: You do have a telephone, though, do you not?

Mr. Findlay: Yes, I do have a telephone.

Mr. Epp: And you could ask what the procedures were?

Mr. Findlay: I probably could. It is the first time I had ever been involved with this type of thing. Immediately, when Mr. Donaldson got the notice of the meeting, he called a meeting of the officers and myself with some senior staff and others to discuss the presentation.

Mr. Epp: Yours is the first important organization, with a budget of close to \$14 million, I have ever seen here without the executive director, the manager or the senior operating officer accompanying the appointed or elected officers to a meeting of the legislative committee to help supply the information and not fully briefing them on the kind of questions and so forth they might encounter. It is the first such situation I have encountered in nine years in this Legislature.

You are being paid \$70,000 to advise these people. They are volunteers, and they are not getting the kind of support, information and assistance you should be giving them for \$70,000.

Mr. Findlay: This is the first time in 70 years that the Industrial Accident Prevention Association has ever appeared before a legislative committee of this kind, to my knowledge.

Mr. Epp: We had the Farm Safety Association before us last week, and the executive director of that organization makes \$47,000, as she informed us.

She had the wherewithal to inform her officers and meet with them at least three times to tell them exactly what they might encounter and to be here with them to help answer questions. She is being paid \$47,000, and you are being paid \$70,000. Do you not think you are overpaid?

Mr. Findlay: No, I do not.

Mr. Epp: You do not think you are overpaid?

Mr. Findlay: No, sir.

Mr. Epp: Your officers had to experience the humiliation here two weeks ago, and you think you are not being overpaid, and they are not being paid at all.

Mr. Findlay: In the operation of this organization, as Mr. Donaldson pointed out, I am the chief operating officer. Following the visit of the 5th, we realized some decisions we had made were in error. Following that, we also had conversations with the Farm Safety Association, and they benefited by our errors.

Mr. Epp: Let us look at the decision-making process. I get the distinct impression that the president did not even know how much you were making when he was asked by one of the reporters two weeks ago. I get the distinct impression, after having the association before us two weeks ago and after reading some of the things that go on in your report today, that the directors and so forth are essentially blindfolded; an agenda is put before them and they agree to pretty well everything that comes before them. They did not have a good grasp of the workings of the association. Is there anything you can say to change my mind?

Mr. Findlay: I sincerely hope so. First of all, there is no necessity. The officers do know that the salary structure is determined by the board, not by this association. The salary structures of all our people are in the booklet I outlined to you, which determines the salary grades for all the safety associations in co-operation with the board. The association has no control over the salaries paid to the staff; those are set by the board, which is our fiscal agent.

Second, in the activities of this association, when we have meetings of the administrative committee or the advisory board, it is my responsibility to make recommendations for things that should go on the agenda. They also advise me of things they want on the agenda. Once they have had those meetings and determine the policy and what should be followed, it is my responsibility for the day-to-day administration and to carry out their wishes and desires with respect to the policies and procedures.

Mr. Epp: You prepare the agenda on their recommendations?

Mr. Findlay: Yes, sir; on their recommendations of items that should be covered. We also put into the agenda the monthly operating procedures of all the departments, which are sent out to them prior to that meeting so they are fully cognizant of the actual day-to-day activities of this organization.

Mr. Epp: We understand Mr. Donaldson does not have an office at the association, despite the fact he is the president. I presume his predecessors did not have an office.

Mr. Findlay: That is correct.

Mr. Epp: Have you ever recommended that they have an office there so they become better acquainted with the affairs of the association and have a greater understanding of what is going on as well as feeling a little more at home when they go there?

10:40 a.m.

Mr. Findlay: That is something that could be considered. Let me assure you, though, that the president and the officers of this association are in constant contact, and when they do come to our office, we have facilities available for them to use as an office.

As a matter of fact--Mr. Johnson can probably speak to this, and certainly Mr. Donaldson--the amount of time the president of this organization spends on IAPA activities sometimes is in excess of three days a week in a normal working week. In the past two or three years particularly, our presidents have spent a considerable amount of their working time on the operations of IAPA.

At other times, I am in constant telephone contact with the president and the senior officers when they are not in the office.

Mr. Epp: Let us look at trips for a moment. How many trips have you taken in the past 12 months for the association?

Mr. Findlay: As far as out-of-the-province trips are concerned, in the past 12 months I have taken 10 trips, three in Canada and seven to the United States.

Mr. Epp: Where in the United States?

Mr. Findlay: The National Safety Management Society meeting in Washington, the Ohio Industrial Safety Conference in Cincinnati, the American Society of Safety Engineers in San Diego, the National Safety Council in New Orleans.

Mr. Epp: That is about four or five. Where are the other two or three?

Mr. Findlay: The International Loss Control Institute in Atlanta and Ohio and the Southeast Michigan Safety Council in Dearborn, Michigan.

Mr. Epp: Has anyone--I presume your spouse or somebody--accompanied you on those trips?

Mr. Findlay: Yes, she has on some of them.

Mr. Epp: Has the association paid for her travels?

Mr. Findlay: Yes, sir.

Mr. Epp: Is that a policy of the IAPA?

Mr. Findlay: It was an operating procedure that we had, but as Mr. Donaldson pointed out, that has now changed.

Mr. Philip: May I ask a supplementary on that?

Mr. Chairman: Yes.

Mr. Philip: When did it change?

Mr. Findlay: It changed when we had the discussions preparatory to coming to this meeting.

Mr. Philip: So it changed under the gun of this inquiry?

Mr. Findlay: I would say, sir, in reviewing the situation with the officers, they in their wisdom made that recommendation.

Mr. Philip: It looks as though we have saved the taxpayers some money already.

Mr. Findlay: It is not exactly taxpayers' money because it is not--

Mr. Philip: Oh, come on. Stop playing word games.

Mr. Epp: I want to get into that, Mr. Findlay. I am glad you raised that. When we are talking about \$14 million, whose money is that? Is that yours?

Mr. Findlay: No, sir. It is not.

Mr. Epp: Whose money is it?

Mr. Findlay: It is the industry's money funded into the Workers' Compensation Board.

Mr. Epp: I understand you got a legal opinion that said it was public money.

Mr. Findlay: The legal opinion said it could be interpreted as public funds.

Mr. Epp: Did you not pay money to tell you it was public funds? Now you are saying it is not public funds. Are you playing games with us?

Mr. Findlay: No, I am not playing games. I was getting into a legal area. I can only say to you that you have an opinion from the lawyers and--

Mr. Epp: And you do not accept that?

Mr. Findlay: I did not say I did not accept it.

Mr. Epp: You said it was not taxpayers' money.

Mr. Findlay: I did not. I said it is--

Mr. Epp: You said it was not taxpayers' money.

Mr. Findlay: Not as understood by the collection of revenue by the general fund.

Mr. Epp: It is public money. You got a legal opinion telling you it is public money.

Mr. Findlay: It is public funds? All right.

Mr. Epp: It belongs to the 11 million taxpayers of Ontario, or however many taxpayers there are--to the citizens of Ontario.

Mr. Chairman: Mr. Findlay, you can respond, and then we will move on to the next questioner.

Mr. Findlay: I guess that is Mr. Epp's interpretation and I will have to live with it.

Mr. Epp: You do not agree with me.

Mr. Findlay: I did not say I did not agree with you.

Mr. Chairman: All right. We had an agreement that we would try to limit this to about 12 minutes, Mr. Epp, and you have gone a little over that.

Mr. Epp: I appreciate my time limit, Mr. Chairman, but I must tell you I am very dissatisfied with some of the answers I have received and I will pursue this at the first opportunity I have.

Mr. Martel: I want to ask Mr. Donaldson first, who prepared the answers? Who prepared your response today?

Mr. Donaldson: It was a co-operative preparation.

Mr. Martel: It is a snow job. Just to pick up where my colleague left off, for example, if you talk about travel, it says Mr. Findlay was paid for one trip. That is what it says: one trip, to Chicago. How many trips did Mr. Findlay take with his wife somewhere around the world last year?

Mr. Donaldson: I referred to the one trip that was brought up.

Mr. Martel: No. That was not asked; I am sorry. Before we are through, I want to know how many trips everybody took out of Ontario last year, how many took their wives and how many of these trips were paid for out of the taxpayers' purse via the Workers' Compensation Board of Ontario's funds to your association. We will talk about Armstrong, we will talk about Findlay and we will talk about everybody up there.

Mr. Donaldson: Talk about Oldham.

Mr. Martel: I want you to prepare a statement for us on how many trips abroad during the past five years were taken by this association's officers, whether to the United States or Europe. Did anybody go to Europe, by the way?

Mr. Findlay: In 1982, on the approval of the officers, I attended the World Health Conference in Amsterdam.

Mr. Martel: Did you take your wife with you?

Mr. Findlay: Yes, sir.

Mr. Martel: Who paid?

Mr. Findlay: The association.

Mr. Martel: The association, the taxpayers. Did anybody else go from your association?

Mr. Findlay: No. I accompanied Mr. Howard Currie from the federal Department of Labour.

Mr. Martel: Did he take his wife?

Mr. Findlay: No, she was ill.

Mr. Martel: I am told there was a conference a year ago in New Orleans or some place and a whole raft of people went, eight or 10 from your association.

Mr. Findlay: There was a conference in New Orleans, the National Safety Conference, which eight staff from this organization attended. They were on the technical committees of that conference and other activities associated with the National Safety Council.

Mr. Martel: Did they take their families?

Mr. Findlay: No.

Mr. Martel: Their wives?

Mr. Findlay: Yes, three of them.

Mr. Martel: What did that cost?

Mr. Findlay: I cannot tell you the individual one, but I can get the information for you.

Mr. Martel: You should be prepared to tell us, before we are through the travel by everyone at the top of that association in the past five years, where they went, who went and how much was paid for it. I just think the answer is so carefully worded that people worked overtime drafting it. It is evasive and it does not answer the specifics.

My colleague asked you about the cost of the portraits, the paintings. There is reference to the portraits, but nowhere does it say what those cost. Why would that be left out since it was specifically mentioned by my colleague.

Mr. Donaldson: We have the cost.

Mr. Martel: It is not in the answers. This is what I resent. You have your second kick at the can in two weeks. Questions were presented to you, and a nice answer is prepared, except it leaves out the details. What about the clubs that you no longer have memberships in? When was it determined that those would terminate? Which clubs did you pay \$12,000 a year for? Why were those answers left out?

Mr. Donaldson: I did not mean to leave them out. We have the answers here and we can present them to you right now if you want them.

Mr. Martel: Give it to us.

Mr. Findlay: In terms of the breakdown of the memberships that this association has, we have 34 in technical societies, which is 59 per cent of the budget for membership; and 14 in boards of trade and chambers of commerce, which is 19 per cent. The clubs we mentioned were 11 per cent.

I will read to you the information that you received from an ex-official of this organization, according to Hansard of May 22.

The American Society of Association Executives memberships cost \$365 a year. That is an association for technical expertise, for the activities connected with association management, attended by myself and my staff. The Canada Safety Council is paid jointly for all the safety associations through the WCB.

The Canadian Society of Safety Engineers, which is a technical association, cost \$260, and that involved two of our people.

Mr. Martel: Who are the two?

Mr. Findlay: I do not have that information, but I can get it for you.

Mr. Philip: You mentioned four organizations that could be called specialty organizations--

Mr. Findlay: That is correct.

Mr. Philip: --and that you have reviewed these memberships and they will not be renewed. What were those specialty organizations you suddenly decided to cancel?

10:50 a.m.

Mr. Findlay: First, there is the Royal Canadian Military Institute and the Engineers Club of Toronto. One of those memberships was a condition of my employment when I came on board. The administrative committee at that time said it would carry it, and it recommended I also belong to the engineers club because of the contacts that could be made there with respect to people in the industries whom we could contact at a senior level to connect all that.

The other one was for one of our district managers, who is on the road for a considerable amount of time. We had a membership for him in the Commercial Travellers' Association of Canada for the benefits he can accrue by discounts and what not.

The other one was the CN Tower. In our operations, we have many people who come in from out of town and from out of the country to do business and this type of activity with us here on the weekends. One of the things they want to see is the CN Tower, the other thing they want to see is Niagara, and on the weekends sometimes my wife will entertain these people at home.

We have now looked at these and they will not be renewed.

Mr. Philip: Can you give us a price tag on the first three you mentioned?

Mr. Chairman: That is the final supplementary, Mr. Philip.

Mr. Findlay: The Royal Canadian Military Institute is \$750 for two people. The CN Tower is \$125. I do not have the figures on the other two with me, but I can get them.

Mr. Philip: Do you have a ball-park figure on them?

Mr. Findlay: If I remember, I think the engineers club is \$300.

Mr. Martel: I am amazed that all of these four organizations, especially the royal military, would have a great deal to do with safety, which is the mandate of your association. I guess that is safety against bombing or something such as that being advocated.

Let me ask you a couple of questions from your statement. Obviously, we are not going to get very far today, but I want to know what the joke is in this. You recognize this, Mr. Oldham.

Mr. Oldham: I do.

Mr. Martel: Can you tell me what the joke is about this ad?

Mr. Oldham: It is a rather innocuous ad, I agree, but I am not looking at the lady's legs for one thing, nor am I placing the Band-Aid on her leg. If you will note, at the bottom it says words to the effect that the Industrial Accident Prevention Association expects everybody to take a first-aid course.

Mr. Martel: That is a joke.

Mr. Oldham: It is a joke if you look at the book in the content of the other advertisements.

Mr. Martel: How much did it cost you to put that in there?

Mr. Oldham: That would cost about \$520.

Mr. Martel: That is a safety ad, is it?

Mr. Oldham: That is an ad for the betterment of understanding with the media. It is not something that we alone do; it is something most ministries of Ontario, the federal government and crown organizations do and have done for many years.

Mr. Epp: Do you have shares in any Band-Aid companies?

Mr. Oldham: Unfortunately, no.

Mr. Philip: I do not see that as a joke.

Mr. Martel: It looks like a joke to me. It really does, and anybody else who believes that, Mr. Oldham, I will sell them a bridge after this meeting.

Mr. Oldham: I have a letter here from the editor and the graphics person from that magazine and a sample of the other advertisements that appeared in it, trying to explain to the committee chairman how this whole thing evolved over many years.

Mr. Martel: The point is again that this is money that is supposed to go for safety, because that is the prime objective and mandate of your association. If you can afford to blow \$550, I guess the question is, what is \$550 towards safety?

Mr. Donaldson, in your statement, you talked about the effectiveness of the association. Has the study been completed on the effectiveness of the accident prevention associations? I think the Ministry of Labour has a copy, if I am correct. If I am wrong, I am sure Mr. Armstrong will correct me. I believe it indicates that at least 40 per cent of the organizations that belong to the Industrial Accident Prevention Association have not to this time provided their staff with any instruction regarding Bill 70. Is that correct?

Mr. Donaldson: I cannot speak to the correctness. I know that 75 per cent of the companies belonging to IAPA did not experience a compensative accident last year.

Mr. Martel: That is not what I asked you, Mr. Donaldson. The mandate is safety. I want to know if there is some truth to the material that has been provided to me indicating that 40 per cent of the companies' supervision responsible for occupational health and safety have not yet received any instruction with respect to Bill 70.

Mr. Findlay: I can answer that, Mr. Donaldson. That is an incorrect statement, Mr. Martel. You have to realize that IAPA has no mandatory right to go into any of the companies we represent. When Bill 70 came out, IAPA produced a book, a guide to the new act, giving instruction on what should be done with respect to Bill 70. That book was produced by IAPA and several hundred thousand copies were distributed. As a matter of fact, the Ontario Federation of Labour picked up that book and produced it and was instrumental in taking it into the plants. However I suggest the figure of 40 per cent is totally incorrect.

Mr. Martel: Perhaps Mr. Armstrong could tell me, as he is here. Is it true the study indicates that approximately 40 per cent of the companies have not yet introduced to their management or supervision--

Mr. Chairman: Mr. Armstrong will have to come forward.

Mr. Martel: He is the Deputy Minister of Labour.

Mr. Chairman: I appreciate that.

Mr. Martel: I need an answer to this question.

Mr. Chairman: He will have to come forward.

Mr. Polsinelli: On a point of order, Mr. Chairman: We have only 10 or 12 minutes per committee member and have the IAPA before us. We can have Mr. Armstrong later. Let us stick to the facts.

Mr. Martel: This is the fact. It said its mandate is occupational health.

Mr. Chairman: It is relevant to have him answer this question, Mr. Armstrong.

Mr. Armstrong: I do not know--

Mr. Martel: It is the questionnaire prepared by the advisory council

Mr. Armstrong: If it is the report of the committee and the advisory council, then I would have to see the report. It has been provided to the minister and is under study in the ministry. I do not think I can elaborate on it. The authors perhaps can, but if that is the report--

Mr. Martel: Yes, that is the report.

Mr. Armstrong: Then I guess the report speaks for itself.

Mr. Martel: Like you, I have not yet seen a copy, but my friends tell me that 40 per cent of the companies have not yet introduced health and safety into the work place. The reason I am driving this point home, Mr. Polsinelli, is that with the great pains taken by Mr. Donaldson to indicate how successful their program has been, if they have failed to reach 40 per cent of the companies they are now responsible for, some eight years after the act has been introduced, you can understand my concern in wanting to find out how successful they are at achieving their mandate, which leads me to my next question.

If there is to be an audit of these people, I understand that the question of whether they have been successful will be excluded from it. I am trying to find out how successful they have been and I think they have failed miserably. I have only to look at the workers' compensation statistics and note the increase in accidents and fatalities, 24 per cent in the last two years. It boggles the mind that someone has the audacity to lay before us this wonderful agenda for success if 40 per cent of the companies have not yet taught it or even introduced it. What the hell is the IAPA doing with its money? I can only suggest they are seeing the world, belonging to clubs and a whole series of other things.

You say you cannot get into the plants, but the companies belong to your association, do they not?

Mr. Findlay: Those companies covered by the 57 rate groups that we are responsible for.

11 a.m.

Mr. Martel: Why have you not been able to reach them more successfully?

Mr. Findley: We have been fairly successful. We have some companies that choose to do it on their own. We cannot force our way in.

We have a pretty good working arrangement with the inspection branch of the Ministry of Labour. On occasion, when I have felt a company was in serious trouble, I have gone to the Ministry of Labour, and it has asked us to go in and work with that company. This mutual arrangement does extremely well for health and safety in Ontario.

You must remember that our mandate is to educate in safety and health. Education takes many forms: training, consultation and problem solving among them. One of the ways we can motivate people is to get senior management's attention, get them to move in and get their people involved and concerned in health and safety. We do a tremendous amount of work with the health and

safety committees, because that is where it is at. Safety has to be a personal commitment or it is not going to work. We encourage participation in health and safety.

I noticed in the paper this morning that at the opening of our centre yesterday some people on the fringes of labour said we should keep training separate. I disagree with that. I feel very strongly that safety has to be a co-operative effort between labour and management. We have some people on the management side who would use safety for their own personal advantage. That is also true of some people on the fringes of labour. Those people are morally bankrupt.

I feel very strongly that safety and health have to be a commitment. The Industrial Accident Prevention Association goes into a plant, in any way it can, to get the attention of the people to do something on safety and health. That is what we have been doing for 70 years and what we will continue to do.

Mr. Martel: My final question, if I may, Mr. Chairman--

Mr. Chairman: No. I appreciate your interest in this, Mr. Martel, but we have gone over a couple of minutes because of the earlier supplementary.

Mr. Gillies: I do not want to rehash all this stuff about expenses and so on; it speaks volumes. I want to get into some of the more substantive points dealing with your association.

You said, almost in a defensive way, that you have not done television advertising for four years. In view of the fact that the primary objective of your association is to transmit knowledge about health and safety matters, I am wondering why you have not been doing any. I know you have brought out publications on health and safety matters which go to a lot of your member companies and so on, but what are the major steps you are using to educate the people in the work place?

Mr. Oldham: We went into television more than 20 years ago, and used a very positive approach to it. We used stunt people to show how workers would benefit from the use of proper equipment. We went into the factories to show how the same kind of caution could help the workers.

After 24 years of television, we found we had a tremendous identity problem. The Construction Safety Association of Ontario and the Workers' Compensation Board were also on television at that time, and we were lost in the crowd. We felt we could spend our money better in print and on radio. I have with me, if the committee so desires, a complete list of the advertising we are doing in 1986. We looked at it very carefully and found that we did not have the same kind of audience as the construction safety association. It had a more itinerant audience and a language barrier we did not have.

The construction safety association's commercials are widely acclaimed by most and badly knocked by others, but they do not suit us. They are not for our audience. I would be happy to give you a complete list in book form of what we do and where we go.

Mr. Gillies: I would like to see that, as I am sure would other members of the committee. I have worked in factories, and it bothers me that you may think your publications get to the guys on the line or the people working in the plant. In my experience, they often do not. They pile up in the

nurse's office or the front office. If you do not get to them through television or radio, you will miss many of the people we are trying to show concern for.

Mr. Oldham: May I continue?

Mr. Chairman: You may, if we can get Mr. Polsinelli's supplementary in here; then you can respond to them at the same time.

Mr. Polsinelli: I appreciate Mr. Gillies giving me the opportunity to ask a supplementary and eliminate one of my questions.

I have two questions. In dealing with this issue of advertising, who are you trying to reach? Are you trying to get a message to the "dumb worker," the guy who does not know he has to wear a hard hat, safety shoes and safety glasses, or to the employer who has to know that in a paint spraying situation or a worker operating in a spray booth there should be proper ventilation? Who is your target audience?

Mr. Oldham: First, we do not consider the "dumb worker" as a dumb worker.

Mr. Ferraro: What does "itinerant" mean?

Mr. Oldham: Itinerant?

Mr. Ferraro: Actually, I only graduated from university.

Mr. Oldham: Exactly.

Itinerant to me means a work force that moves around in different areas and is from different places.

However, our advertising is not aimed at the "dumb worker." It is to show what we can do, what services we offer and how we can help the school awareness program, which has produced good results through radio. Its aim is to reach the three levels of government to inform them what we are doing; the housewife, who will insist that the guy of the house wears proper protective equipment; to make sure the safety committees know about proper equipment; and that the employees are aware of loss control and not being able to guard against accidents.

Mr. Polsinelli: Effectively, you would completely disassociate yourself from the type of advertising on television showing the poor worker dying in the hospital bed saying, "If only I had known"? You would not put forward that kind of advertising?

Mr. Oldham: We might if it was suitable for our particular needs, but we do not think it is.

Mr. Polsinelli: You say you--

Mr. Chairman: You have had two questions.

Mr. Polsinelli: This is supplementary.

Mr. Chairman: You have had two supplementaries.

Mr. Polsinelli: This is on the same issue.

Mr. Gillies: As someone who came from a working family, I am not sure I am wild about the term "dumb worker."

My point is that safety programs in the schools are good, but we know that many of those kids will not end up in industry. They will end up in other occupations. Do you not think the priority should be on training and education of workers in the work place? How are the publications you put out and the training programs you run reaching the individual working person?

Mr. Findlay: Let me speak to that. We have a series of educational programs designed for all levels within the work force: punch press operator's course; fork truck operator's course; fork truck management course, to name but a few. We have courses for safety committees on what they should be looking for. We have hazard identification courses for people in the work force and others. I would be prepared to give you a list of them if you wish.

11:10 a.m.

On the other hand, as Mr. Donaldson said, we have to make sure we get the work force coming into the work force in a safety awareness program. As a result of our school awareness program, last year we had more than 85,000 students, or one third of the high school students in this province, involved in our program. We ran a radio advertisement about our student safety awareness program and got calls and letters from students in schools that were not participating to ask how they could get into it. We have involved in our division activities people from the educational systems in various parts of the province, who participate in these in the interests of education.

We have a program that we must continue to maintain in the work force. However, we are starting to see the results of these students coming into the work force. They get a certificate or card that says they have participated in this program. They have to write a test for it.

Employers who were not aware of it have called us. They have said: "I have a student who came in and asked me what kind of safety program or policy I have in my plant. What is this student talking about?" That is very encouraging, and we want to continue that. That is why we want to sit down with the Ministry of Education this year to see if safety can be an integral part of any curriculum.

Mr. Gillies: I accept that, but you just pointed out one of the problems yourself. You are turning out high school students who are aware of safety programs but are going into work places where the employers are not. Surely that is a big problem.

Mr. Findlay: I agree. We have, among other things, produced a safety program for the fast food industry. As a matter of fact, McDonalds Corp. wanted to borrow it to send it out to the United States.

Mr. Gillies: How many affiliate divisions do you have in the province?

Mr. Findlay: The province is broken down geographically into 26 divisions, or sections, as we call them. In each of those areas, we have a committee that looks after the local training and activities of the Industrial Accident Prevention Association. There can be anywhere up to 40 people sent by their companies to get into this activity.

Mr. Gillies: How many of your 26 divisions undertake activities co-operatively with labour?

Mr. Findlay: There are several in various activities. Probably the most successful one we have is the Essex division, with the Windsor and District Labour Council. We have ongoing activities with some individual locals, and with the St. Catharines and District Labour Council. We are currently working with representatives of the Labour Council of Metropolitan Toronto. It has been very difficult to get together with them, because we have four divisions within Metropolitan Toronto.

Mr. Gillies: I picked up from your brief the reference to Windsor-Essex. I have been down there in the past and I know you have a very good relationship down there. However, again, I point out to you that being able to pick out one or two good relationships from 26 divisions means that perhaps not enough has been done in this direction.

I do not want to be unfair, but one of the charges levelled at your organization, especially by Mr. Martel, has been that there is not a great deal of interrelationship with labour.

Mr. Findlay: We accept that. Again, I refer to the IAPA-Ontario Federation of Labour liaison committee, which we established in 1968.

One of our problems, as I mentioned earlier, is that people on the fringes of management and labour do not get together. It is like a religion. You have to get people into this house.

We keep working at it in any way we can to get labour involved. We have some people from the work force--labour people and nonmanagerial--in our division activities and on our committees. One of our directors is a labour man.

Mr. Gillies: Have you taken this problem directly to the OFL?

Mr. Findlay: We have discussed it with the federation of labour, with which we have a pretty good rapport.

Mr. Martel: I have a letter from a Mr. Alex Hainey, dated February 3, 1986. You are telling me about this great effort towards co-operation. Mr. Hainey, as I understand it, is the past chairman of the advisory committee of the Ontario Industrial Accident Prevention Association.

In his letter, he says the following: "However, while the ink was drying on this document, one sensed that interference from the board was increasing, and most of this pressure centred on the mounting insinuation that organized labour be given a more meaningful role in the delivery of safety education at the expense of the existing safety associations."

If that is the chairman of the advisory committee of the Industrial Accident Prevention Association in his letter dated February 3 of this year, he contradicts what you are saying. By the way, I am given leave. I am not supposed to have this either. The companies that received the letter objecting to the board's interference, demanding that labour have more say. His objections were to more involvement by labour. You cannot have it both ways.

Mr. Findlay: First of all, Mr. Hainey wrote the letter as a private citizen.

Mr. Martel: I do not care how it was written.

Mr. Findlay: I do not have access to the mailbox key you have to get the list of all the companies he addressed it to, but I can tell you that in spite of that letter, we recently had a meeting with all the safety associations and the Ontario Federation of Labour at Jackson's Point to address that very subject. Sean O'Flynn, who was most co-operative and enlightening to the presidents and the general managers, was there and we have a hell of a good working relationship with the Ontario Federation of Labour that will break that thing.

There is an article in this morning's Toronto Star in which some people still say you should do it separately, but that just does not work.

Mr. Gillies: We do not have much time left. I want to deal with the question of where the buck stops. You talked a bit about travel. I am pleased you will provide more information on that. Let me use an example. Where does the buck stop on publications? I accept Mr. Donaldson's statement this morning. Who would have approved the publication that came out with the South African article in it? Does that go to you or does it go to your volunteer present directors for their perusal?

Mr. Findlay: The accident prevention document you speak of is a monthly publication we produce that has some of the activities of this association among other things. It recognizes some of the things that have been done with respect to the application of safety equipment, etc. An article on safety management was part of it. I determine, with technical people, a recommendation to the technical articles that should go under safety management.

With respect to that article, in my exuberance I looked at it as a professional safety article, which it was. I had been advised by a previous Minister of Labour a couple of years ago that the People to People program in the United States, through the Canadian Society of Safety Engineering, wanted a technical group on safety and health to travel to some place in the world. They invited CSSE to recommend a director and my name was put forward. Subsequently, they chose to go to South Africa. I was advised not to go although there was no cost involved. I made a mistake in the light of the days and should not have gone.

Mr. Gillies: I am not really questioning that. We accept that if there was an error--

Mr. Chairman: I am sorry, Mr. Gillies.

Mr. Gillies: May I just finish this question?

Mr. Chairman: I have to maintain the rules we agreed to earlier. I have been flexible in allowing everyone a couple of minutes extra because of interruptions. Mr. Polsinelli is concerned about the possible misunderstanding of a comment he made earlier.

11:20 a.m.

Mr. Polsinelli: Mr. Findlay was not here at the last meeting. I would like to pursue the supplementary I had earlier. Two weeks ago, we were talking about the Construction Safety Association of Ontario ads, particularly the worker dying on the bed and saying, "If only I had known." As Mr. Martel

pointed out, the focus of those ads was toward the so-called dumb worker, because the safety associations believed that if the workers could be educated, then there would not be as many accidents on the construction sites. Is the focus of your ads along similar lines? You indicated that you dissociated yourself from those ads, if I am not mistaken, and that yours had a slightly different focus.

I wanted to bring to your attention your publication, Accident Prevention. It is published, produced and paid for by the Industrial Accident Prevention Association. Here, it says: "You can prevent accidents." It is a case history, and I want to read it to you.

"Paint Fumes Disable Worker: While painting a piece of machinery using an aerosol spray can, a worker began to feel dizzy. Even though he held a piece of cloth over his nose and mouth, the feeling persisted and he had difficulty breathing. Fellow employees moved him into fresh air, but he was eventually rushed to hospital. Could this happen to you?

"The entire situation could have been avoided by proper ventilation of the work area. This has now been installed, and all employees taught the correct action for this procedure."

I submit to you that you have exactly the same type of situation in print. You are portraying workers as dumb. If only the worker had known that the factory owner should have installed proper ventilation, he would not have had an accident. Is this not exactly the same type of thing produced by your association?

Mr. Findlay: No, sir. That particular document is what we call a case history sheet. We try to encapsulate what happened. We are in no way trying to infer that the person injured or hurt was stupid. In all probability, we are saying management is stupid.

Mr. Polsinelli: You are not saying management is stupid. You are saying the worker is. "All employees are now taught the correct procedure." You are not saying management should be aware that proper ventilation should be in the work place.

Mr. Findlay: We said that new ventilation "has now been installed." That was management's responsibility.

Mr. Polsinelli: This is targeted towards employees.

Mr. Findlay: No, sir. That particular document is targeted towards the safety committee, to let it know what has happened. When our people talk to the safety committee, they understand the process of case history sheets. They tell us what happened in a very succinct way and what corrective action was taken. The third question is, what are the safety committee and this organization going to do about it?

On one occasion, an employee was injured in a blowback on a plastics machine. In the investigation, our engineers recognized that a corrective action could be undertaken on that machine. We found out from the manufacturer's agent that four more of those machines were being used in Ontario industries. We went to the other companies using those machines, and told them how to correct the problem.

Mr. Polsinelli: I appreciate your answer, but do you want me to read you the other one here?

Mr. Findlay: Yes.

Mr. Polsinelli: We are talking about another dumb employee who bends over and gets hit by a truck. Fortunately, he was wearing a hard hat.

This is what your other case history does. In my opinion, these things should be targeted towards the people who have the prior responsibility for maintaining safety on the work site. Those are the companies, the employers. They should not be targeted towards the stupid worker.

Mr. Chairman: You can respond to this; then we will move on.

Mr. Findlay: I would disagree with you. That may be an interpretation of it. Maybe we have to look at how we put it. We do not want to give them a great big pile of verbiage. In essence, we say: "This is what happened," as quickly as we can. "This is the corrective action taken. If you have a situation such as that in your plant, please do something about it."

Mr. Epp: I have a supplementary. If people are supposed to be dumb, why do you have two pages right in the centre of your publication with nothing on them?

Mr. Findlay: Because they are posted in many of the plants.

Mr. Epp: Are they posted? Is the blank posted?

Mr. Findlay: The printed side faces forward. The blank side faces the back. The page will come out.

Mr. Philip: I want to do one quick follow-up on the question Mr. Gillies got cut off on when his time ran out. That concerns the South African issue. Would you not say that the statement in your publication was an implied endorsement of the South African government? How would you allow that kind of thing to go into a publication?

Mr. Findlay: That was not an endorsement of the government of South Africa. It was an endorsement of a technical article. As I said earlier, with 20/20 hindsight in today's environment, probably I should not have produced it, from the political side of it. If I caused any embarrassment to the then Minister of Labour, I apologize.

Mr. Philip: I do not know how you can call it anything but an endorsement when you have the words--and it is not under your name; none the less, under "A Visit to South Africa" it says, "I can assure you that without reservation you have shown the light to 12 people who are committed to returning to Canada and the United States and serving as positive, unofficial ambassadors for South Africa. Thank you so much for your enlightenment."

If that is not an endorsement of the South African government, then I do not know what is.

Mr. Findlay: I cannot speak for the author. In retrospect, probably it should have been edited. I repeat, I apologize for any embarrassment that I caused the Minister of Labour. I was instructed not to go. When we got the article back from the people, I thought it was a good article on safety. I

still say it is. But in the light of the political thing it was an embarrassment to the Minister of Labour.

Mr. Philip: My next question is in a different line. My colleague the member for Sudbury East (Mr. Martel) and I examined the financial statement for 1985-84, then compared it to 1984-83. Do you realize that if you try to compare them it is absolutely impossible to do so, other than the bottom line? All the categories have been changed. Why would you have that kind of change?

Mr. Findlay: The categories we have for our financial statement are controlled by the board.

Mr. Philip: So the board instructed you to change them between 1983 and 1985?

Mr. Findlay: The board is our fiscal agent; the board determines the way in which we present our breakdown. It controls our finances.

Mr. Philip: I see Dr. Elgie is getting some comments from some of his people. Maybe Dr. Elgie can respond to that later when he has the full information. But if you go down the categories, there are only about two of them that are the same.

Mr. Findlay: Are you looking at our annual report?

Mr. Philip: Yes.

Mr. Findlay: What year?

Mr. Philip: I am looking at 1983-84, and 1984-85. We have a breakdown. One is the annual report of 1985, the other has the heading, Annual Report 1984. When one tries to compare them, it is absolutely impossible. You changed all the categories around.

Mr. Martel: Maybe we could have the chairman or someone from the board to help us.

Mr. Philip: I would like the auditor to look at that and find out whether there were justifiable reasons for changing the accounting or changing the breakdown. All it does is make it next to impossible for anybody to get a handle on what is going on.

Mr. Martel: Absolutely impossible.

Mr. Philip: In response to my question about the property change, or the lease change, you said an independent appraisal showed you had saved money by taking the property that was more expensive; namely, by refusing 60 Bloor Street, and taking the much more expensive 2 Bloor Street. Can you tell us who did that independent appraisal? Would you give us a copy?

Mr. Findlay: I forget the gentleman's name but we can get you a copy.

Mr. Philip: When was that done?

Mr. Findlay: That was done in 1984.

Mr. Philip: I would like to see a copy of that. You say in there

"the property at 60 Bloor Street was being offered on sub-lease for a one-year period and the rent would increase to fair market value when the lease expired." Is it not true that at that time there was as glut of rental accommodation in the downtown area and there was a buyer's market rather than a seller's market? --

11:30 a.m.

Mr. Findlay: First, there was an investigation when we had to relocate. There were two reasons we wanted to relocate. We were split up into three areas in Toronto. They wanted to consolidate our operations. This was investigated and also the officers were involved. The officer who carried the thing on behalf of the administrative committee was the former president of our association, a former honorary treasurer who comes from the Niagara area and who therefore had no axe to grind in Toronto. In the discussions, that gentleman said that with the proposed location at 2 Bloor Street West, we would be going down approximately 1,000 square feet and would save \$500,000. In the meantime, we have all our people in one place.

We then ruled and it was accepted in principle that this proposal be taken to the Workers' Compensation Board. This gentleman spoke to officials at the board and they were in agreement. We worked very closely with the board. As a matter of fact, the board signs our leases.

When we relocated, and we looked at several areas. The difference between 2 Bloor Street West and 60 Bloor Street West was that although there was more space available, we could not justify the additional space. In consolidating, we reduced our space requirements by 1,000 square feet.

Second, the lease at 60 Bloor Street West was on a sub-lease that would expire at the end of 1984 and then would go to fair market value. We subsequently know that. Our savings in the first year by moving to 2 Bloor Street--

Mr. Philip: Sir, I think you are reading from the board meeting.

Mr. Findlay: No, I am not reading from a board meeting, Mr. Philip. In the first year, we saved \$530,000, and by 1988, we anticipate we will have saved over \$1 million in rental. The first year at 2 Bloor Street West we got rent free.

Mr. Philip: Sir, the accommodation at 60 Bloor Street West with 30 per cent more space, you say you could not justify it--

Mr. Findlay: Nor would we be allowed, by the board.

Mr. Philip: --and yet you spent all kinds of money renting training space at two hotels in downtown Toronto. Why would you not use that space to have your own accommodation for your own training facilities? Surely that would make some sense.

Mr. Findlay: We do not rent training space in downtown hotels. We have some activities which exceed the capacity of the meeting rooms we have at 2 Bloor Street West. Let me just tell you since you brought it up.

We have one board room with a capacity when used boardroom style of 22, classroom style of 20 and theatre style of 40. We have a meeting room, 25 feet by 10 feet, that holds 10, two meeting and training rooms at 15 feet by 10

feet that hold 8 each and another meeting room that holds six. Those rooms have been used on an average anywhere from 301 times in the year to 496 times with our own people, and people from outside--other safety associations and other organizations associated with us--make use of it anywhere from 164 to 19 times and that does not include weekends or evenings. Those rooms are used when we have meetings or for training that require additional space. In some cases, we go to the Royal York.

If you look at our activity sheet, you will see that our divisions and sections in the Toronto area are using training areas and training facilities throughout the area close to where the people are.

Mr. Philip: I am going to ask you to table with us the minutes of your board meeting in which you decided on this particular site rather than the 60 Bloor Street site, and the independent appraisal--

Mr. Findlay: Just a moment.

Mr. Philip: You can get a copy of the Hansard or the clerk can repeat it for you.

Mr. Findlay: But there is usually a wait. However, you want the minutes and you want the appraisal.

Mr. Philip: Yes. I would also like to have a breakdown of all moneys that are spent in the last year on training facilities in downtown hotels; all expenses spent on hotel meeting rooms, be they for training or other meetings in downtown Toronto.

I have a question for Mr. Oldham. When you turn in an expense account for a dinner or a luncheon, do you put on that expense account who you entertained at that particular time?

Mr. Oldham: I certainly do, sir.

Mr. Philip: If I were to ask for both your and Mr. Findlay's expense accounts to be examined by the Provincial Auditor, he would find a clear indication of the purpose of each luncheon meeting and dinner meeting.?

Mr. Oldham: Speaking for myself, sir, yes, he would.

Mr. Findlay: That is correct. We follow the board procedure.

Mr. Philip: Mr. Oldham, can you tell me how much you would have spent on lunches, or entertaining, or business meetings that would involve meetings. As I understand it, you spent quite a bit of time at Dooley's and at the Press Club. How much money would have been spent in these places?

Mr. Oldham: I cannot tell specifically you how much I spent in Dooley's or the Press Club. I could explain to you how much I spent over, say, 1985.

Mr. Martel: May I ask a supplementary? I have it on informed sources from people who work for the Industrial Accident Prevention Association who tell me that they never have to submit a receipt for expenses for their breakfasts, lunches and dinners when they are at work or at a convention, or something. This is not just what you told me.

Mr. Findlay: Would you clarify that?

Mr. Martel: On an day when they are going to be working and they have to eat away from home breakfast, lunch and dinner, they do not submit receipts. They are simply given the money and they do not have to submit receipts for those expenses.

Mr. Findlay: That is incorrect.

Mr. Martel: Then the worker is a liar.

Mr. Findlay: He may be. I cannot qualify that, but I can tell you in the board's procedure and in our procedure some people who are working can get meal money in lieu from the board, and that is the procedure.

Mr. Martel: In lieu of what?

Mr. Findlay: In lieu of going out and eating and submitting an expense for that meal.

Mr. Martel: They said they do not.

Mr. Findlay: They do not what?

Mr. Martel: Submit a receipt. They simply get the money.

Mr. Findlay: No. They do not have to submit a receipt if they get this meal money. That is a procedure of the board.

Mr. Martel: Okay. You agree with me then that people spend money and they do not have to submit receipts.

Mr. Findlay: No, sir, I am saying to you that there is an operating procedure for people that they can get meal money in lieu of an expense for the meal.

Mr. Martel: Cut it any way you want, Mr. Findlay. They are spending money, they are receiving money and they do not have to submit a receipt.

Mr. Findlay: On a procedure given to us by the board.

Mr. Philip: Mr. Oldham, at any of these meetings you have, if your wife were to have lunch with you at Dooley's, would that be paid out of you own pocket or out of--

Mr. Oldham: Number one, my wife does not very often have lunch with me at Dooley's, but if she was having lunch with me at Dooley's, I am sure I would pay for her.

Mr. Philip: You are saying that none of this money that is spent on meals is for personal use.

Mr. Oldham: That is correct, sir.

Mr. Philip: I want to talk about the function of the field consultants. Concerning the number of women that are on your board, you have managed to skate nicely around that and say there are a number of women volunteers. Can you tell us how many women are actually on the board?

Mr. Findlay: On our board?

Mr. Philip: Yes, and also how many are from labour.

Mr. Findlay: Just a moment. I have those figures.

Mr. Philip: Can you get that for us later? I do not want to take time on it.

Mr. Findlay: You want to know the number of women. We can give you the total number of women who are involved in the voluntary side and we--

Mr. Philip: No. That is not what I asked for.

Mr. Findlay: This is on the various boards.

Mr. Philip: Yes. On the board of directors.

11:40 a.m.

Mr. Findlay: You have to understand something with that, Mr. Philip. First, we do not control who the company sends as its representative. When we have vacancies on our various boards and executive committees and so on, the company determines who it sends. We suggest they send somebody who has expertise on safety and health and who is committed to it. So we have no control over whether they are management, labour, women, coloured, or what have you. That decision is made solely by the company, as to who would be the representative on our association.

Mr. Chairman: Last question.

Mr. Philip: With this great spirit of co-operation from labour then, how many companies would appoint a labour representative rather than a management representative to your board?

Mr. Findlay: We have some and we can give you those. As a matter of fact, we had a company to the east, which was going to send a labour representative. That local said that it would not allow the company to send the man.

Mr. Philip: Of your fifty or so field workers, how many would--

Mr. Chairman: Order. Order, please. Mr. Ferraro, you are next.

Mr. Philip: Start off by asking that question.

Mr. Ferraro: No, Mr. Ferraro will not, Mr. Philip.

I have some questions that I want to ask at this juncture, and more at the subsequent meeting.

My first question: Mr. Findlay, you said your salary is \$70,235.

Mr. Findlay: Yes, that is correct.

Mr. Ferraro: Is it up for review?

Mr. Findlay: Yes, they are up for review.

Mr. Ferraro: When is your review date?

Mr. Findlay: Usually at the first of the year. It is a procedure set up by the board.

Mr. Ferraro: You have not had an increment yet for 1986?

Mr. Findlay: No.

Mr. Ferraro: Okay. So you do--

Mr. Findlay: No, I stand corrupted. There was one that was retroactive to the first of the year, established by the board.

Mr. Ferraro: Let me re-phrase the question. Your 1986 salary--for this year--is it \$70,235?

Mr. Findlay: Yes, sir.

Mr. Ferraro: What was it last year?

Mr. Findlay: I cannot tell you. It was four per cent less.

Mr. Epp: I would like to help you out, Mr. Findlay. I think you just said something that I do not think you intended to say--"corrupted." You said you "stand corrupted." I think you meant "corrected."

Mr. Ferraro: I was going to let it go.

Interjections

Mr. Findlay: I know there is something happening to me, Mr. Epp. I am not exactly sure what.

Mr. Epp: I just did not want to leave that on the record.

Mr. Martel: Earlier you told Mr. Epp about your salary. You said it was in the brown booklet.

Mr. Findlay: Yes, sir.

Mr. Martel: We have looked at last year's booklet and we could not find it.

Mr. Findlay: It is group number 964.

Mr. Chairman: Thank you, Mr. Findlay.

Mr. Ferraro: Mr. Findlay, will you clarify for me your position as to whether or not you feel the funding you receive is public or not.

Mr. Findlay: I think I answered that before. In retrospect, it is public funds--

Mr. Ferraro: In your opinion the money that you spend is public funds?

Mr. Findlay: Yes. That is my opinion.

Mr. Ferraro: Let me shift my question now over to Mr. Donaldson. Mr. Donaldson, as president of the board, you determine in essence, and I suspect either reject or accept a recommendation or something similar of the personnel committee over salaries? What procedure do you follow?

Mr. Donaldson: Well, sir, I am not involved in salaries.

Mr. Ferraro: Who would approve Mr. Findlay's salary?

Mr. Donaldson: The Workers' Compensation Board.

Mr. Ferraro: The Workers' Compensation Board?

Mr. Donaldson: Yes, sir.

Mr. Ferraro: No recommendation from the board at all?

Mr. Donaldson: I am just barely two months into the presidency, sir. Not that I know of. Can you help me out?

Mr. Johnston: It comes from the board. That is it.

Mr. Ferraro: It makes me wonder, to say the least, that with a budget of roughly \$14 million and 201 people on staff, how the hell Mr. Findlay can make \$70,235. Yet Mr. Elgie, who supervises 3,500 employees, with a budget of \$1.5 billion, gets a salary of \$79,000. There is something askew, to say the least. In any event--

Interjection.

Mr. Ferraro: That is right. Somebody is either a hell of a bargain, or somebody is overpaid.

Interjection: Or both.

Mr. Ferraro: I want to go into the specifics of the submission. I agree with Mr. Martel, it is carefully worded, and I do not blame you for wording it carefully. Every submission we get is carefully worded.

Can we get on to another thing for a minute? I too would be interested in getting a copy of that appraisal.

When did you move to 2 Bloor Street West?

Mr. Findlay: May 1984.

Mr. Ferraro: May 1984. The financial statement you have given--I assume it comes from you--for January 1 to April 30 indicates that the occupancy cost is over budget by \$62,000. Will you explain that?

Mr. Findlay: That includes not only 2 Bloor West but also all the other offices we have throughout the province. I cannot give you the exact details on that at this moment, but I can get them for you.

Mr. Ferraro: My query is, if you budget and if you know what the hell the rent is going to be, how can you be \$62,000 over?

Mr. Findlay: It is part of standard operating--there is a justifiable reason for it.

Mr. Ferraro: Is it standard operating procedure to be over budget?

Mr. Findlay: No, sir. I did not say that. I cannot give you that answer at the moment, but I can get it for you.

Mr. Ferraro: I assure you that I wait in anticipation of the answer.

Mr. Findlay: All right.

Mr. Polsinelli: Mr. Findlay, I raised a question the last time your association was before us and I do not think I got an adequate response at that time. Why does a safety association need prestigious and expensive headquarters in downtown Toronto?

Mr. Findlay: We do not have a prestigious headquarters downtown. By design, we have moved over the years, usually at the behest of the Workers' Compensation Board, to be close to the board. In our activities, we have a tremendous amount of interrelation with the board.

Mr. Polsinelli: Is that so they can bring your pay cheque across the street? You are at Yonge and Bloor streets. Why can you not be in Scarborough or North York where you could save considerably on rent?

Mr. Findlay: We have offices throughout the province. It was a business decision on our part. In our business activities with the board, we have people going back and forth to and from the board. Those of us in senior positions are constantly going over to the Occupational Health and Safety Authority's office and the Ministry of Labour. That is the reason we have it there. The only people operating at that office are the administrative people and two of our districts that operate out of there. We have district offices throughout the province.

Mr. Ferraro: I have one quick question and one fairly quick question. Mr. Findlay, are there two different landlords at 2 Bloor Street West and 2 Bloor Street East? In other words, are your old landlord and the new landlord two different individuals?

Mr. Findlay: They are different.

Mr. Ferraro: My final question deals with the comment on page 10 about committee travel and so forth. It is a prime example of being carefully worded. It states, "We sent eight people to the last meeting of the National Safety Council."

Mr. Findlay: Yes, eight people.

Mr. Ferraro: Were they members of the board?

Mr. Findlay: No, they were members of staff.

Mr. Ferraro: Members of staff?

Mr. Findlay: Yes, sir.

Mr. Ferraro: Were there any spouses?

Mr. Findlay: Yes, there were three.

Mr. Ferraro: Three spouses. You say the spouses were invited. By whom?

Mr. Findlay: By the host organization.

Mr. Ferraro: They invited only three and not eight?

Mr. Findlay: That is correct.

Mr. Ferraro: When you first got the notice that they were going to have the meeting, were you aware it was going to be in New Orleans?

Mr. Findlay: Yes, sir. For years, the National Safety Council has conducted its business in Chicago. They now have determined that they are going to go out in the United States. The first was out to New Orleans. I believe the next will be in Boston. This year it is in Chicago. It is the most prestigious safety organization in North America and we gain a lot in the exchange of information between that organization and ourselves.

Mr. Ferraro: Perhaps I should address this to both you and Mr. Donaldson. What was the purpose of putting, "Usually held in Chicago, it was moved by the council to New Orleans." What the hell does that do--

Mr. Findlay: It is to point out to you why it was in New Orleans. We went to the National Safety Council at its meeting in New Orleans. Normally it is held in Chicago. We felt that needed some explanation.

Mr. Ferraro: Why?

Mr. Findlay: I have no idea.

Mr. Ferraro: If you do not have any idea, why the hell did you put it in?

Mr. Findlay: I will tell you why we put it in there. A reference was made that we had gone to Florida. We wanted to correct that. It was not to Florida and it was not 12 people. It was eight people to a technical conference held in New Orleans.

Mr. Ferraro: Then why did you even mention Chicago?

Mr. Findlay: To give you an explanation. The National Safety Council normally keeps it in Chicago. We felt that would assist you in some of the discussion.

Mr. Martel: It is the ones they left out that worry me.

Mr. Ferraro: For expediency purposes, I will hold the rest of my questions.

11:50 a.m.

Mr. Chairman: I am being exceptionally fair to Mr. Polsinelli this morning. He has been pleading with me all morning. I am going to give him another minute and a half and then we will move on.

Mr. Polsinelli: I appreciate your fairness in giving me an opportunity to ask a few questions. I have only one question and I have the member's consent to ask this before he asks his.

Mr. Oldham, I understand you are the director of media and public relations.

Mr. Oldham: I am.

Mr. Polsinelli: I notice in your publication, which is written, printed and paid for by your association, that you have a conference overview?

Mr. Oldham: Yes.

Mr. Polsinelli: This is the annual conference that you had this year on April 7?

Mr. Oldham: That is correct.

Mr. Polsinelli: Do you remember who opened that conference?

Mr. Oldham: The Minister of Labour (Mr. Wrye).

Mr. Polsinelli: In your conference overview, you quote the mayor of North Bay mayor, Stan Lawlor. You quote the mayor of Mississauga, Hazel McCallion. You quote John Black Aird, the former Lieutenant Governor. The minister's name is not mentioned once in this overview. Is there an explanation for that?

Mr. Oldham: The minister's name was mentioned in the edition before that.

Mr. Polsinelli: Were the minister's comments in that edition?

Mr. Oldham: In that edition; I believe so.

Mr. Polsinelli: I would like to see that because in his opening remarks the minister was very critical with respect to your association. I have not seen the previous issue. I suspect that may be the reason he is in not here.

Mr. Philip: Are you suggesting that he is behaving like Lily Munro?

Mr. Pope: Before I get into the line of questioning I want to pursue, I will follow up on a remark of Mr. Martel. Were any trips omitted from the list?

Mr. Findlay: No, sir.

Mr. Pope: By anybody in your association?

Mr. Findlay: No, sir.

Mr. Pope: I want to develop a little more what my colleague Mr. Gillies and others have been talking about. Mr. Martel is right. The accountants will be auditing things that accountants audit. Coming from an accounting family, I know we will get it in some detail. One thing that concerns me is that there are members of the committee who want to address questions on the audit and the success of the program. I am not sure I have a complete understanding of the whole scope, on a province-wide basis and a program-by-program basis, of your relationship to organized labour.

Is it just the occasional discussion at Jacksons Point? Is it just the occasional program in Essex? Can you lay out for me, so that I can understand it, the whole scope of your relationship with organized labour, program by program and region by region? I happen to agree with the theory you espouse that it has to be on a very comprehensive basis, that it has to be a co-operative relationship. I understand you are trying to enhance that and I think everybody here would support it, but we have to know where you are right now.

Mr. Findlay: It is very complicated and difficult, but let me try to give you some idea. Over the years we have had an excellent relationship through the IAPA/OFL Liaison Committee. We have conducted joint programs. I look at people like Henry Weisbach and Lorne Heard who were very active and prominent in labour safety. We do some activities jointly. Three years ago, General Motors and the United Auto Workers decided to have their North American joint activity in Canada. They called on IAPA to produce that program for them, which we did. They brought people from management and labour in Canada and the United States to that activity.

We have good relations with the UAW in the United States. We are running into a problem now with the Canadian Auto Workers. We have some activities going on with two of the major automotive companies. The man responsible for safety and health at the CAW has told those companies, "You either get IAPA out of here or we are not going to work with you." That is the kind of co-operation we are getting.

On the other hand, we have had some excellent activity with the United Steelworkers, with various locals. It is piecemeal, Mr. Pope, but we are continually working at it. As a matter of fact, the Occupational Health and Safety Authority was attempting to get a relationship between management and labour. We continually work at it. However, I see in the Toronto Star again today, and I repeat it because I think it is important, that some people say you cannot work with management and with management-funded safety associations. It is an ongoing process that we are continually working at. I think we have made some good progress but we have a hell of a long way to go yet.

Mr. Pope: I know we are close to the line and we are probably going to have to break off in midstream. Can you list for me the kinds of programs and things you are involved in. Is it public information? Is it employee and management awareness? Is it training? Can you give me the kinds of joint labour-management programs you are involved in or promote?

Mr. Findlay: To give another example, at our last conference we had an activity put on jointly by IAPA and the Ontario Federation of Labour. The union local of the labour representative who was going to appear at that conference would not pay for his trip from the north to participate in the program. IAPA paid the way for that man. We felt it was important to have him. He was very astute and represented labour well, but IAPA paid for him to attend.

Mr. Pope: When we reconvene, can I get a list of programs by type and by location, and the numbers of the programs of each kind that you are involved in? I have some concerns and they are not just regional. I think we are at a point in industrial safety programs in the province--we probably will have a disagreement among ourselves in this committee--where we either develop a more comprehensive, all-embracing, co-operative safety program with safety associations, employers, employees and their representative groups, or it is

going to collapse into a government-controlled program, which I do not think will work.

I want to know whether your association is prepared to make sure that we get an all-embracing program in place. I want to know what programs you have been involved in in a very comprehensive way. More importantly, I want to explore your commitment to a better relationship with labour than I think you have now, quite frankly, and your commitment to a more all-embracing program that we have now, as the alternative to us considering some legitimate comment, perhaps for some legitimate purposes, that I think may be coming from government sources.

Mr. Findlay: Mr. Pope, you espouse the philosophy I have held for years. I feel very strongly that all safety should be in a ministry of safety because there is no difference between occupational safety, industrial safety, recreational safety or anything else. I would be glad to sit down with you and help you address it.

Mr. Pope: The problem is that in the absence of a localized, on-the-spot relationship between management and labour, another structure is not going to work. I do not blame any member of this committee for saying that we are not happy as long as there are gaps and there are going to be casualties from those gaps. That is what I want to explore with you in detail next time, the range of programs, the numbers of each kind you have and where they are located.

12 noon

Mr. Chairman: From the interest of the members here today, it is obvious that we are going to require significant time to deal with all the questions. The steering committee will have to meet in the near future and get back to you gentlemen. I suggest we will need a full day, perhaps longer, to deal with all the concerns of the members of this committee.

I remind the members to come back after the vote. We want to reconvene to deal with the scheduling of the Caplan matter. I was advised by the clerk that the bell would start to ring at 12 o'clock.

Mr. Philip: There is no bell so I assume--

Mr. Chairman: I am going by this clock and perhaps it is not correct.

Mr. Philip: Why do we not carry on and assume there is no bell?

Mr. Chairman: We will break for a couple of minutes and then reconvene.

The committee recessed at 12:01 p.m.

12:12 p.m.

Mr. Chairman: We had better get under way. Go ahead with your notes.

Mr. Martel: I want to read a letter, which says:"

Owing to an increased need for security in our operations, I regret that we find it necessary to change the combination locks on the entrance doors to each floor.

"The combination will not be revealed to management or staff (including myself) and it will be up to key holders"--maybe you ought to give me a key--"to make arrangements with staff who are required to enter the offices outside working hours. Exit from the offices is no problem, but after leaving the office complex, it will be difficult to re-enter.

"These precautions are in the interests of all of us, and I would appeal to you to ensure that they are not circumvented. Should this new system pose a serious problem, please discuss it with your supervisor so that a solution can be found through your director or executive director."

It is signed "J. V. Findlay."

I could have problems getting information in the future, I am told.

Mr. Philip: I do not see why you have got any problems. Our inside informer, if he can get out, can also open a door and let you in.

Mr. Martel: That is not the only letter since our last meeting. I have got another one by Mr. Donaldson. Do you want me to read that one too?

Mr. Gillies: Let us hear that one.

Mr. Martel: If you insist--you are forcing me to do this.

Mr. Chairman: How long is it, Elie?

Mr. Martel: It is two paragraphs. It is very short:

"To the IAPA volunteers and staff:

"As your president, and in view of the publicity we are receiving from radio, television and the newspapers in regard to the operations of this organization, I felt that I should assure you that the situation is well in hand." We saw that this morning.

"We realize the association is under attack and we would urge you to bear with us in a trying situation for all of us who are appearing 'up front' and I request your support.

"I assure you that our house is in order. We are doing a good job under difficult circumstances. All concerns will be cleared as investigations proceed.

"We must all continue our efforts in accident prevention."

It is signed "G. F. Donaldson."

They have really been busy since our last meeting.

Mr. Chairman: We have got that on the record. We have the report of the subcommittee to deal with, and I guess we will have the clerk read the recommendations into the record.

ALLEGED CONFLICT OF INTEREST

Clerk of the Committee: Following its two meetings, the subcommittee of the standing committee on public accounts agreed to recommend the following:

1. That the standing committee on public accounts engage legal counsel to assist in its review of the order of reference relating to the Honourable Elinor Caplan.

2. That Mr. John Bell, of the law firm, Shibley, Righton and McCutcheon, be engaged as legal counsel.

3. That the chairman be directed to approach the House leaders to seek authorization of an organization meeting in camera on the afternoon of Monday, June 23, 1986, in order that the committee may meet with its legal counsel.

4. That questioning of any witnesses proceed in the following manner: preliminary questioning by legal counsel followed by members' questions, with rotation among the parties, followed by summary questioning by legal counsel, and further, that members' questions be limited to 20 minutes maximum per member on each round.

Mr. Chairman: Are there any comments?

Mr. Epp: I agree with items 1 to 4. We also agreed we would meet Monday afternoon, Tuesday afternoon, Wednesday afternoon and Friday all day, if necessary, as I recall the first meeting.

Mr. Gillies: That is certainly not my recollection.

Mr. Epp: You were not there at the first meeting, Mr. Gillies.

Mr. Gillies: We did not agree to that at the second meeting, and I would not agree to that necessarily.

Mr. Epp: It was our feeling that the House has given us a definite directive to deal with this as quickly as possible and that the House leaders will accommodate us as much as possible to have as many meetings as we need to deal with this matter.

Mr. Chairman: I was at the Tuesday meeting, and there was no agreement reached on Tuesday. That is why we had the Wednesday meeting. I stand to be corrected, but my understanding from yesterday's meeting is it would be perhaps inappropriate to schedule further meetings until we had that organizational meeting and decided when and how we were going to proceed. Certainly, I do not think any members of the steering committee ruled out the possibility of those sittings, but I do not think it was a conclusion or a recommendation that they take place at this stage. We thought it would be premature.

Mr. Epp: If we wait until Monday to start scheduling some meetings, that means we cannot arrange with witnesses, and it means that if we are going to start arranging for witnesses some time Monday afternoon or Tuesday, then we are going to delay it at least another week.

Mr. Chairman: I think it was made clear also that our counsel would not be present for Wednesday and Thursday of this week, if we retain Mr. Bell.

Mr. Epp: He had some other things, but he did not definitely say he could not make it.

Mr. Chairman: Yes. He has rearranged a Supreme Court appearance to be with us on Monday.

Mr. Gillies: The point is that we want to retain counsel and go about this inquiry in a full, proper and organized fashion. I detect a desire on the part of some members to get rolling with this thing as if it were a freight train. For example, the proper organization of the Sinclair Stevens affair in Ottawa has taken a month, before they even start.

All of us on this committee would want to afford the Caplans a full and proper, organized, documented hearing and not a whitewash. That is certainly what we and our caucus want.

Mr. Philip: I do not think that anyone, including Mr. Epp, was suggesting a whitewash. That is an unfortunate term Mr. Gillies chose. First, the understanding was that we did agree on legal counsel and John Bell, in particular, because of his experience with the Ombudsman's committee, because we needed a litigation lawyer who had experience in examining and cross-examining witnesses, and that we would get certain documents. We made a list of those documents and asked the clerk to supply those, not just to us but to legal counsel, Mr. Bell, and we said we would impress on Mr. Bell that we want it to proceed as quickly as possible. If possible, we would try to wind this up before the adjournment of the House. That was my understanding.

I understand Mr. Epp wanted a series of meetings next week, but we said that perhaps we would need the Monday meeting with legal counsel to find out exactly what his schedule is and also the scheduling of the witnesses and the procedures.

I tell you in no uncertain terms I want to get this matter dealt with as quickly as possible and if that means our sitting evenings. If it means our sitting through a weekend, if it means our sitting early mornings, if it means our sitting while the House is still in session, then I want to deal with this. I do not think it is fair to the Caplans or to a government with a major portfolio to have this hanging over its head over the summer recess.

While I am in agreement with Mr. Epp, in the sense of the urgency, that has to be dealt with Monday on the advice of counsel. My instruction to counsel will be that I would like this proceeding dealt with forthwith. There are a very limited number of documents to deal with and a limited number of witnesses. I am not going to prejudge how long we have to take with any one particular witness because there can always be new information that comes to light.

I do not want to have this dragging on and on. We have so many other matters before this committee that are of great importance. The reason I agreed to having this go quickly before the committee was that I thought there was a cloud over an important ministry, a ministry dealing with major amounts of money and that it should be dealt with quickly to either dispel or confirm the cloud. It has to be dealt with quickly. Prejudging, either by Mr. Epp or Mr. Gillies, is premature until we meet with counsel.

Mr. Chairman: Before Mr. Ferraro speaks, I want to indicate that the recommendations that are before really do not preclude what Mr. Epp is suggesting. This was read over by the clerk in our presence yesterday, precisely as it is written here and there were no objections.

[Failure of sound system]

Mr. Chairman: There were no commitments made in that first meeting.

Mr. Epp: If we leave till Monday to start scheduling witnesses and so forth, and get in touch with them and decide more or less who the initial witnesses would be without having a closed list on that, there is nothing preventing us from scheduling witnesses now for Tuesday.

Mr. Chairman: How can you do that without meeting with counsel?

Mr. Ferraro: I just want to lodge my disappointment on Mr. Gillies choice of words about a whitewash, especially coming from a gentlemen who in the House said he has no vendetta. I suggest it was very inappropriate to misinterpret was what being suggested. Quite frankly, knowing Mr. Gillies, I find it very difficult to accept that he would use that choice of words.

I want to reiterate and reinforce some of the statements made by Mr. Philip and my colleague Mr. Epp. No one is suggesting a whitewash. Obviously, it is a matter of great importance to this House, the people of Ontario and indeed to the Caplans. If it were any other member, we would want the thing to be aired fully, as does Mrs. Caplan and this government. We want it done as expeditiously and thoroughly as possible.

I really do take offence to your suggestion that it is a whitewash. I am sorry you used those words, Mr. Gillies.

Mr. Gillies: Let me just say, first, we are not objecting to extra sittings of the committee. We are not objecting to an expedient start to this inquiry at all. I am not even a lawyer, Rick, but I have never known a court of law to determine in advance how long a hearing or a trial will be.

Mr. Epp: I never suggested how long it should be. I suggested when we start. I never said we would finish on Friday.

Mr. Gillies: Repeatedly, from both you and Mr. Philip, the suggestion was, "We want this dealt with before the House rises." All I am telling you is that we want an expedient and fair hearing of the Caplan matter and we in this caucus are not prepared to prejudge how long that will take.

It will take as long as it takes to get all of the evidence properly on the floor--

Mr. Ferraro: No one is suggesting that.

Mr. Gillies: --and to make an informed decision. That may be before the House rises and it may not. To prejudge that is very irresponsible on the part of any member of this committee. That is what you are doing.

Mr. Ferraro: To prelabel is very irresponsible.

Mr. Gillies: In fairness to your colleague, you should want a proper inquiry into this.

Interjections.

Mr. Chairman: Order. I will adjourn the meeting if we do not have some order. We want to resolve this right now, do we not? Mr. Philip has one brief comment, then Mr. Polsinelli.

Mr. Philip: I am not convinced that it is analogous to Sinclair Stevens. I do not want to prejudge Sinclair Stevens. I have not seen any

evidence that Ms. Caplan's ministry was directly involved with any contracts for the companies in question. I think there is a substantial difference.

Second, no one is prejudging the amount of time. All that is being suggested is that we deal with it expeditiously and that, considering the fact that we have a limited number of documents and a limited number of witnesses, unless we are greatly mistaken--we are only dealing with one company--it should be possible for the clerk of this committee to tell those witnesses, because we have agreed and we did prepared in the subcommittee a list of possible documents and possible witnesses we want to see, what is very likely and set up a tentative schedule. The schedule could be changed around by members of the committee after Monday, after meeting with counsel.

When Mr. Gillies first raised this matter in the Legislature, he said he wanted it dealt with quickly. If we are to take Mr. Gillies at his word, there is absolutely nothing wrong with calling those witnesses. Doug Arnott can say to those witnesses that it is likely we are going to need their presence on Wednesday, such and such a date, or on Thursday, such and such a date, and do a tentative schedule, subject to our meeting on Monday. Otherwise, we have the meeting on Monday, as Herb says, and then when we call some of these people, we find they are in Europe or at meetings that they cannot get out of.

I would like to deal with this quickly, before the House adjourns if possible. If that is not possible, then immediately after the conference we are attending, the public accounts convention, we should return to it. Since we should write some kind of report on that, we should deal with this matter immediately and get it out of the way, so that it not drag on any longer than necessary.

If a motion is necessary, I propose that since the clerk knows of the possible witnesses, he set up a tentative schedule and advise those people to stand by, that their presence may be required, with the understanding that it may be necessary to change that. If we can schedule one per three hours or six hours, then I think that would be possible.

I want to emphasize that I am prepared to sit every evening. I am prepared to cancel all my other engagements, and I have a substantial number in the next couple of weeks. The only thing I am not prepared to cancel or move up is the New Democratic Party convention, which I have to attend on the weekend. That is why I have suggested Monday.

Mr. Polsinelli: My understanding when I first sat on this committee was that in the past it operated in a fair, impartial and nonpartisan manner. I hope the same considerations apply to the hearings we have before us. With respect to the members opposite, the members behind me and the members here, we all want the same thing regarding these hearings. We want an expeditious and fair investigation of the situation. For the past few minutes, we have been arguing semantics.

Mr. Gillies, no one is implying that this should be resolved in a day, a week or a month. The consideration was that we move on it as quickly as possible. I submit that is not even debatable because we have a clear direction from the House that this committee give this matter immediate consideration. When the House says to a committee of the Legislature that it give something immediate consideration, it means all other business is to be put aside and the matter that has been referred to it by the House be considered. With respect to the recommendation we have before us, we must deal with it immediately.

I concur that perhaps we should not schedule the manner in which we deal with it until we have an opportunity to meet with legal counsel on Monday. By the same token, Mr. Gillies and Mr. Phillips, we should all be prepared to spend as much time as is required on this issue and we should all be prepared to cancel all our other engagements, except the NDP convention, with respect to this particular issue.

Mr. Ferraro: I would cancel that.

Mr. Pope: Having participated in this committee in December or early January to answer questions as a former minister, having had a member of my family falsely accused of accepting money on the basis of a single corporate search, I am interested in fairness to Ms. Caplan and her family. However, to say we will have a limited number of documents and witnesses at this time prejudices what--

Mr. Philip: Nobody said that.

Mr. Pope: It was said twice by you, Mr. Philip.

Mr. Philip: It was not. I said it appears as though there are a limited number. I did not name those or give that limited number. Your colleague, the person who raised the issue in the first place, had a list of people he wanted to see. It seems similar to the ones Mr. Epp and I want to see. I assume your party can get its act together well enough to come up with the list of people whom you want to question. That does not preclude the fact that you may come up with other people. As names come up during the hearing, you may want to question other people. Surely, there are a certain number of people we know already should be called.

All I am proposing--I suggest to you, Mr. Gillies, this is a reasonable proposal and I hope you will go along with it--is that the clerk tentatively invite those people that you agreed to in the meeting in my office yesterday.

12:30 p.m.

Mr. Pope: I am an individual member of this committee. I intend to be satisfied one way or the other as to what was going on and whether there was anything improper. I do not have any preconceived notions on the matter. I mean that and I said that to one of my colleagues in the governing party. I have no preconceived notions; nor do I have any preconceived notions as to who may be a relevant witness or what may be a relevant document. I do not think that means I am about to try to protract this unnecessarily, in fairness to Mrs. Caplan. It means that I have not had a chance as a member of this committee to get access to all of the documentation, to examine it and to get enough information at my disposal to make a request for any other witness to attend. I would suggest that none of us has. That is all I am saying. I am not saying anything more than that.

Mr. Epp: Obviously, we have to start some place. It was agreed by the subcommittee that Wilf Caplan; Mr. Dobzinsky; the manager of Innovation Development for Employment Advancement Corp.; Ian Macdonald, Mr. Blakley, the president; and Blenus Wright be called before the committee.

Mr. Pope: I never agreed to that.

Mr. Epp: I am saying the subcommittee recommended that. This was not going to be a final list.

Mr. Chairman: I appreciate your wanting to make that point, but in order to resolve this situation--and I know Mr. Martel wants to comment too--I want to point out a couple of things. We have a recommendation which three of the four members present agree was the recommendation read by the clerk yesterday. We are now concerned about next week, which I appreciate. The reality is that on Wednesday and Thursday legal counsel will not be available, if we decide to retain Mr. Bell. If we decide not to retain Mr. Bell, we are back at square one. He is available Monday for an organizational meeting. Probably on Tuesday, Wednesday and Thursday he will not be available. Mr. Philip has a convention on Friday, which we have indicated, so we are looking at the possibility of a maximum of two days next week.

There was no agreement to sit on Friday in any event. I do not know that you are going to get the unanimous support of members of this committee to sit on Friday. It is a long weekend, among other things. I think we can deal with this. If members like, I can see, as a member of the steering committee, tentatively scheduling a witness for Tuesday, but I do not think we can go beyond that. It is just not practical. We can resolve that today and then argue the other points on Monday.

Mr. Philip: We have Tuesday. It seems to me that Tuesday has three partitions to it. Tuesday morning is caucus, so we cannot do it then, but we have Tuesday afternoon and Tuesday evening.

Mr. Epp: We might even have Wednesday evening and Thursday evening. Mr. Bell may not have included that. He may be tied up during the day but not in the evening.

Mr. Chairman: I am advised he is in North Bay.

Mr. Martel: We are arguing hypothetical solutions. We will not know until Tuesday; we will not know until we hire lawyer. We will not know until after the first round of the organizational meeting. I am not sure why we are going through the argument. I do not think Phil's little comment about a whitewash has helped anything, quite frankly. It probably triggered all of this; people became defensive.

I do not hear much difference in what everybody has said. If I listen carefully to what people are saying, they are saying it is going to take some time, that we have to get organized and prepared. We want to see all the documents and have certain witnesses come before us. We cannot decide that until next week; so why the hell are we going through all this nonsense? It is quite ridiculous in my opinion. Let us get on with whatever vote we want.

Mr. Chairman: We have a recommendation from the steering committee. Do we concur with that recommendation? Agreed.

Mr. Philip: In the meantime, I made a motion and I probably should have waited, saying the clerk should advise the people the subcommittee agreed on to stand by and give them possible dates when the committee may well require them.

Mr. Gillies: Initially, I appreciate my comment was not helpful, but we are all agreed, and I think I heard the same thing from all of us, that we want an expedient and just disposition of this matter and we want to get at it as soon as we can. I got angry with the suggestion that in anyone's mind there is a closing date, that it is going to be finished when the House rises, or whatever.

Mr. Ferraro: No one suggested that.

Mr. Gillies: With respect, it was suggested.

Mr. Polsinelli: It was not suggested. I am not saying you are misrepresenting the facts.

Mr. Gillies: I heard it suggested this morning. The point is, we will get into it and, as Mr. Martel has stated--the voice of reason for once, Elie, and the voice of experience--we have to meet with our counsel and set up a proper inquiry and get into it. We are all agreed with that.

Mr. Chairman: I do not think we need a motion to deal with your request. We will advise the witnesses we have discussed that they are on our list and will likely be called in the near future.

Mr. Martel: One brief issue. Next time we bring our friends back, can we set it up so that we have sufficient time to deal with them? I understood your predicament this morning, but we had better take a look at how long we are going to need to deal with these birds.

Mr. Philip: Can we agree that, after the Caplan matter, the next time the committee sits the IAPA would be the order of business we would deal with?

Mr. Chairman: We can drop that in the lap of the steering committee. That is obviously our priority after we finish the Caplan matter.

Mr. Philip: So we will bring the IAPA back for a full day.

The meeting adjourned at 12:37 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

ALLEGED CONFLICT OF INTEREST

WEDNESDAY, JUNE 25, 1986

Morning Sitting

Draft Transcript



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)
VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)
Epp, H. A. (Waterloo North L)
Ferraro, R. E. (Wellington South L)
Gordon, J. K. (Sudbury PC)
Harris, M. D. (Nipissing PC)
Philip, E. T. (Etobicoke NDP)
Polsinelli, C. (Yorkview L)
Pope, A. W. (Cochrane South PC)
Smith, D. W. (Lambton L)
Wildman, B. (Algoma NDP)

Substitutions:

Fish, S. A. (St. George PC) for Mr. Harris
McGuigan, J. F. (Kent-Elgin L) for Mr. D. W. Smith
Ward, C. C. (Wentworth North L) for Mr. Ferraro

Also taking part:

McClellan, R. A. (Bellwoods NDP)

Clerk: Arnott, D.

Staff:

Bell, J., Counsel; with Shibley, Righton and McCutcheon
Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Ministry of the Attorney General:

Wright, B., Assistant Deputy Attorney General--Civil Law

From the Cabinet Office:

Carman, R., Secretary of the Cabinet and Clerk of the Executive Council

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Wednesday, June 25, 1986

The committee met at 10:14 a.m. in room 228.

ALLEGED CONFLICT OF INTEREST

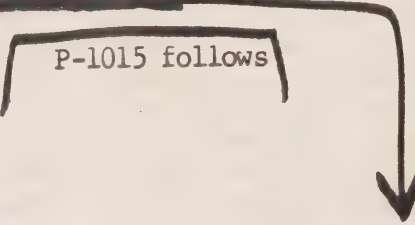
Mr. Chairman: Will members come to order, please? As members of the committee know, this is the first scheduled public meeting to deal with the motion moved by the Treasurer (Mr. Nixon) that the matter of the alleged conflict of interest concerning the Hon. Elinor Caplan be referred to the standing committee on public accounts for immediate consideration by the committee and report its findings.

Before we call our first witness, I will ask our counsel, Mr. Bell, to review the format for today. I also want to point out at this stage that prior to breaking off for lunch, I would like to have a brief session in camera with our counsel in order to discuss a number of issues. I will remind you of that, but you are aware of it at this point.

Mr. Bell: I have had a busy time since we last met on Monday to get materials available, organized and delivered to you, as well as meet with certain witnesses and otherwise prepare this thing. We will do the best job we can under the circumstances. I believe we will have a relatively smooth day today, a relatively smooth day next Wednesday and after that, I promise nothing.

Let me first ~~introduce members~~

P-1015 follows



(Mr. Bell)

~~have had a busy time since we last met on Monday to get materials available organized and delivered to you as well as meet with certain witnesses and otherwise prepare this thing. We will do the best job we can under the circumstances. I believe we will have a relatively smooth day today, a relatively smooth day next Wednesday and after that, I promise nothing.~~

~~He will~~ introduce. Members, you were kind enough to approve some assistance from me in this exercise and to that extent, I have had my associate, Martin Peters, to my left, assist me in this. He will disappear some time this afternoon, but will be behind the scenes in preparation otherwise.

There are four witnesses scheduled today, members, as the agenda indicates. The Assistant Deputy Attorney General, Blenus Wright, will be the first witness, to be followed by Secretary of Cabinet, Mr. Robert Carman. That should take all of the morning. There is a possibility there will be some spillover until the afternoon. The first witness scheduled for the afternoon is Mary Eberts, to be followed by the last witness of the day, probably in the evening sitting, John J. Robinette.

Those witnesses will be testifying primarily as to the first issue that you have settled upon of your list of four issues, that is, what is the meaning and scope of the guidelines, although the evidence of Mr. Wright, Mr. Carman and Mary Eberts will also touch upon the second issue, whether there was a perceived or an actual breach of the guidelines by the circumstances of Wildred Caplan's association with efforts on behalf of and remuneration received from Wyda Systems (Canada) Inc. Those are the essential issues we will deal with today.

Members, you would assist me greatly hereafter if we could fix the times for these hearings on the four days that have been set aside. I am literally preparing this thing as it is going along. You will assist me greatly if I know what the hearing times are so that I can do the other necessary things afterwards. For example, will we be taking extended lunch breaks because of the question period in the House? Will the evening break be relatively extended? Perhaps we can do that in the in camera session, but some time before the close of the morning's sitting. I would appreciate it if that were done.

Members, you have all had delivered to you either last night or this morning the brief of exhibits as it exists today. I ask members if they would turn to that now. We will probably have to give you larger binders before this is finished. I want to review in general terms what is in that material now. There is material still coming. It is being processed right now and there will be some additions to it before the morning session is over.

Some of the material, particularly the first two or three tabs, are substantially for background information. For example, we have included for your information what is believed to be some of the more relevant Hansard excerpts, as identified by the index. For background, we have the statement of Premier Davis in 1972 wherein the guidelines were first introduced in that form. When you examine the statement, it is substantially identical to the guidelines themselves, so for the purpose of our exercise, we will use that document as the original guidelines.

(Mr. Bell)

10:20 a.m.

Item C is the guidelines as they exist today and which were in force during the relevant times of your inquiry as to Mr. Caplan's efforts.

P-1020 follows



(Mr. Bell)

~~they exist today and which were in force during the period of time of your inquiry as to what the law's efforts~~

Item (d) is a disclosure of the holdings of the Honourable Elinor Caplan as filed with the Legislative Assembly.

Item (e) is for background again. It is a statement by the Premier (Mr. Peterson) on June 11, 1986.

Item (f) is a statement by Elinor Caplan made on June 16, 1986.

Item (g) is for record purposes, lest there be any discussion with any witnesses as to what their rights and obligations are as witnesses before this committee. For your information, I have included a sample of the letter that was delivered to each of the persons shown on the third page of that material.

The last document, although it is not identified in the index, is obviously a very important one for your proceedings. It is a statement of the issues you have adopted, four in number.

My preparation with respect to the questions I will ask the witnesses has been in the context of those four questions. Certainly in terms of any witnesses of fact that appear before you, I intend to ask each of those four question of each one and elicit answers.

Item (h) is material I received yesterday afternoon from your first witness, Blenus Wright. I am sure you will want to review that material with him in some regard.

I apologize that the pages in this part and others have not been numbered. When you follow some of my questioning, it will assist you greatly if you number them one through 13. I will be making some page references in that regard.

The next tab, item (i), is some of the material I have received to date from Mr. Caplan. This is on the job preparation. It will assist you if you take the first four pages of that material, being certain invoices, and put those pages at the end. You should then have Mr. Caplan's resumé as your first document. If you do that and then number the pages one to 17, life will be easier for you.

With item (j), I have made life easier for you. It is material I have received from John Robinette. We have subtabbed that material appropriately.

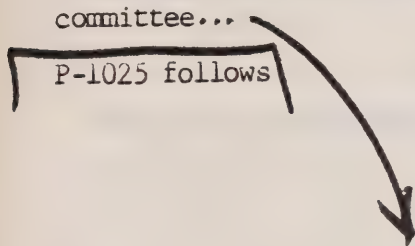
Item (k) is a copy of the Legislative Assembly Act. you will see that two sections of that act, section 10 and section 11, have some relevance, particularly when we hear from Mr. Wright,

There is some further material coming received to date from the Innovative Development for Employment Advancement Corp. I expect it will be in your binder by noon.

That is all I have to say by way of introduction. I know you settled upon a questioning format before I came on the scene. Mr. Chairman, perhaps you would like to review that with members before we begin.

Mr. Chairman: That was my intention, to remind members of the committee that the motion recommended by the subcommittee and adopted by the committee...

P-1025 follows



~~Mr. Chairman, perhaps you would like to review that with members before~~
~~begin~~

Mr. Chairman: ~~There was my intention, Mr. Bell~~

~~I remind members of the committee that the motion recommended by the~~
~~subcommittee and adopted by the committee~~ was that the questioning of any witnesses proceed in the following manner: (1) preliminary questioning by legal counsel; (2) followed by members' questions with rotation among the parties; (3) followed by summary questioning by legal counsel. Further, members' questions will be limited to a maximum of 20 minutes per member on each round.

Mr. Pope: Are we doing that as a motion?

Mr. Chairman: That was adopted at a previous meeting of the committee.

Mr. Pope: With respect, I would like to ask that be reviewed among committee members at the close of this morning's session. We can go with that today, but I would like to have a chance to talk about it this morning after the ?? witness.

Mr. Chairman: We will move along and call the first witness, Blenus Wright, the assistant deputy attorney general.

Mr. Wright: I request a 15-minute adjournment for a matter that has just come up which I have not had an opportunity to discuss with Mr. Bell. It is a matter I need to discuss with him before I give my evidence. I just received it by telephone call and I have not had an opportunity to discuss it with him.

Mr. Chairman: We will adjourn for 15 minutes.

The committee recessed at 10:27 a.m.

1055
follows

10:59 a.m.

Mr. Chairman: Will you come to order, please. I apologize for the delay. I am going to ask our counsel to provide the committee with a brief explanation on what has transpired in the last 20 or 30 minutes.

Mr. Bell: I told you I was preparing on the go. An issue has arisen, involving Mr. Wright, that only came to his attention literally as we started. It requires Mr. Wright to hold some discussions and requires some decisions to be made which affect Mr. Wright, in my opinion, before his testimony could be fairly called and my questioning can be fairly conducted.

11:00 a.m.

So that we do not lose an inordinate amount of time, I have made a suggestion, which is acceptable to everybody concerned, that we call Mr. Carman as the first witness. It will not interrupt the chronology or other matters unduly. Mr. Carman, I appreciate your coming from your office on such short notice, out of turn.

P-1100-1 follows.



(Mr. Bell)

~~I appreciate your coming from your office on such short notice~~
out of ~~the~~ After Mr. Carman's testimony, obviously we will have to ask whether Mr. Wright can now testify. There may be another adjournment or it may be appropriate to adjourn early for lunch, pending our afternoon sitting, I do not know. I am going to be as interested as anybody to find out when Mr. Wright will testify. With that, Mr. Carman would you come forward.

Mr. Pope: Hold on there. Before the train leaves the station, what is this all about?

Mr. Bell: Mr. Pope, in fairness we should permit the discussions to take place and the decisions to be made before the details of same. It has to do with a matter of solicitor-client privilege. I would not like to say any more now. It might be a tempest in a teapot; it might materially affect the extent of Mr. Wright's testimony, and until those decisions are made, it would be distracting to concerns ourselves with it more.

Mr. Pope: Are you saying there may be an objection to Mr. Wright appearing?

Mr. Bell: No, there will not be an objection to Mr. Wright appearing; he will certainly testify. The question is the scope of the testimony right now.

Mr. Pope: In other words, he may not be able to give us information on a specific matter that is before this committee.

Mr. Bell: I do not know the answer to that question. That question should best be answered by Mr. Wright after he has had the discussions and the decisions have been made. Let me put it on the record, that is not my position. If it is appropriate, at the appropriate time, I am prepared to give the committee the benefit of my advice as to that, but that is a matter that has been drawn to my attention. Because of the accelerated schedule, it is only fair to those concerned to be given some opportunity of dealing with the issue before appearing before the committee. We have Mr. Carman available to testify so that we do not cool our heels.

Mr. Chairman: Mr. Wildman, do you have a comment?

Mr. Wildman: I have a question. I understand what counsel is saying in terms of the schedule. The committee only met Monday and decided whom we wanted to see, when, and the short notice. Do we have a more definite indication as to when Mr. Wright might be prepared to appear before the committee? Again, I appreciate that Mr. Carman has come on such short notice.

Mr. Bell: Let me make the record clear. When we are finished with Mr. Carman's testimony, I will call Mr. Wright to testify. If there is still a problem, we will have to hear about it.

Mr. Wildman: All right. That is fine.

Mr. Epp: Mr. Chairman, it might be best for us to proceed at this point since we have Mr. Carman available to us. He is a very busy person. We have the opportunity to ask questions and so forth, and we hope the other matter will be resolved by early afternoon so that we can proceed at 3:30 or four o'clock as we had originally intended to proceed. The only difference now

(Mr. Epp)

is that we will have Mr. Carman in the morning and Mr. Wright in the afternoon, as opposed to having Mr. Wright in the morning and maybe Mr. Carman in the morning and in the afternoon. I would suggest that we proceed with having Mr. Carman before us.

Mr. Chairman: Thank you, Mr. Epp. If there are no further comments, we will ask Mr. Carman to come forward and to be sworn in.

Mr. Pope: Before Mr. Carman proceeds, in line with my statements made about production of documents, is counsel satisfied that the prerequisite has been satisfied with respect to this witness?

Mr. Bell: Mr. Pope, no, it has not been. Mr. Carman will tell you more about what is coming. It is only because of the time constraints that there has not been production. We will hear about that through Mr. Carman.

Mr. Robert Carman sworn.

Mr. Chairman: In line with our procedure, the questioning will be opened by counsel.

Mr. Bell: Mr. Carman, would you state your position for the record, please?

Mr. Carman: I am secretary of the cabinet and clerk of the executive council.

P-1105-1 follows.



(Mr. Carman)

in line with our procedure, the questioning will be opened by counsel Mr. Bell.

Mr. Bell: Mr. Carman, will you state your position for the record please?

Mr. Carman: I am secretary of the cabinet and clerk of the executive council.

Mr. Bell: How long have you held that position?

Mr. Carman: Approximately 11 months.

Mr. Bell: Will you describe briefly what your duties in those positions entail?

Mr. Carman: The secretary of the cabinet is responsible for three things. The first is to provide advice to the Premier (Mr. Peterson) on the policy issues that come before cabinet and to provide a final perspective on policy as items are dealt with at the cabinet table. Second are the running of the Cabinet Office and the duties of clerk of the executive council. Finally, as the senior public servant, there is the question of the leadership of the public service in terms of human resources management and related matters.

Mr. Bell: I understand more specifically that as part of your position you have some responsibilities in respect of the guidelines regarding conflict of interest as they apply to ministers of the crown.

Mr. Carman: The responsibility of the secretary of cabinet is to ensure that the guidelines are available to all the ministers, the parliamentary assistants and the personal staff of the ministers and parliamentary assistants, that these guidelines are available publicly and, further, that as the depositions of the various persons required to file them arrive in the office of the secretary, a file is kept there as a permanent record and the originals are sent on to the Clerk of the House for filing.

Mr. Bell: Do I take it that neither you nor any member of your staff performs any judgemental role in respect of any filings that ministers provide to you that you subsequently pass on to the Clerk of the House?

Mr. Carman: That is quite correct.

Mr. Bell: During the material times relevant to this hearing, and specifically for Ms. Caplan, did anybody perform such a judgemental or scrutiny role?

Mr. Carman: Any role relative to providing advice or suggestions is carried out by Blenus Wright of the Ministry of the Attorney General. It has been for some time the practice of the government to expect that ministry to assist the ministers and the parliamentary assistants in the conduct of that activity.

Mr. Bell: I understand that Mr. Wright has performed a function of that nature for a number of years.

Mr. Carnan: That is quite correct.

Mr. Bell: Certainly before this government was formed. Was that role ever reviewed by this government before a decision was taken to confirm his continuation?

Mr. Carnan: As I recall, the government looked to the then secretary of the cabinet, Dr. Edward Stewart, for advice on how the process should unfold, and I believe it was his advice that Mr. Wright continue to perform the function he had performed for the previous government and that advice was accepted by the current government.

Mr. Bell: Will you describe for the committee what you understand that role, as performed by Mr. Wright, to be?


Mr. Carnan: I think it would be preferable to inquire with Mr. Wright in terms of the details of the role. The nature of it is known to me generally and I can comment on that, if you wish, but I think it would be much more appropriate to ask Mr. Wright specifically the various steps he takes and the various activities he performs. That would be more accurate.

Mr. Bell: Can you answer this? What role was he instructed to perform?

11:10 a.m.

Mr. Carnan: He was instructed to provide advice to the ministers so that they could, to the best--

P-1110 follows



Mr. Bell:

~~Can you answer this. What role was he instructed to perform?~~

Mr. Carman: ~~He was instructed to provide advice to the ministers~~ they come to the ~~of~~ of everyone's understanding, meet the requirements of the conflict-of-interest guidelines. I am assuming it is a process whereby he explained the guidelines, perhaps dealt with specific questions about: "Is this or is this not, in your view, consistent with the guidelines Mr. Wright?" Following that, a final deposition was put together by the minister or the parliamentary assistant and submitted to myself as secretary of the cabinet.

Mr. Bell: Does the government consider Mr. Wright has performed services and given advice in the nature of a solicitor?

Mr. Carman: No, I would not describe it that way because the view is that he is interpreting guidelines for the ministers. He is not providing a solicitor relationship, as I understand it.

Mr. Bell: Is that about all you can assist us on Mr. Wright's role? Does he do anything else?

Mr. Carman: In the concept--

Mr. Bell: Forgive me, Blenus; you have to have some levity to this.

In connection with the guidelines.

Mr. Carman: In connection with the guidelines, perhaps I could say that in May, I made a request on behalf of the Premier (Mr. Peterson) to the Ministry of the Attorney General through the acting deputy minister, Mr. Dick Chaloner, to undertake a review of the conflict-of-interest guidelines. If Mr. Wright had not been on vacation, my contact would have been with him. As it turned out, he was away at the time and one of his staff undertook to meet with me and Mr. J. J. Robinette and the acting deputy attorney general, Mr. Chaloner, but under normal circumstances, that would have fallen within Mr. Wright's purview to undertake whatever review the government had decided was appropriate around the conflict-of-interest guidelines.

Mr. Bell: We will get to that in a minute. If that deals with Mr. Wright's role, can I ask you about Mary Eberts? When was she first introduced into the subject of conflict of interest and why?

Mr. Carman: What I am going to say to the committee is my understanding of events in which I was not involved. Mr. Chairman, I ask you for direction on that. If you wish me to continue I will try to give some indication of my understanding, but during the period of time that Miss Eberts was retained to undertake an activity, I was not directly involved. I do not think I was secretary of the cabinet at the outset, and therefore have only a tangential knowledge of that activity.

Mr. Chairman: We did discuss this arising and we would appreciate hearing your understanding of the situation.

Mr. Cannan: My understanding is the government wished to be able to continue to attract and nold businessmen in the cabinet and there was a desire to examine the conflict-of-interest guidelines from the standpoint of ensuring that sometning was brought in which would meet public scrutiny but at the same time deal with the issue of people who had some substantial business holdings. She was retained, as I understand it, to examine that particular matter.

Mr. Bell: Do you know or can you find out for us or direct us to someone who does know whether she was issued any specific instructions in that regard?

Mr. Cannan: I think someone in the Premier's office would be able to nelp you. I would suggest Mr. Hershell Ezrin would pernapns be a good starting point for a contact.

~~REDACTED~~
P-1110-1 follows



~~Mr. Carman: I think someone in the Premier's office would be able to help you. I suggest Mr. Hershell Erin would perhaps be a good starting point.~~

Mr. Bell: All right. I understand that Mary Eberts, as well, was made available to consult with and advise ministers of the crown in the current government in and about June of last year. Is that correct?

Mr. Carman: I am not aware of that. Any answer to that question would not be based on knowledge of that event.

Mr. Bell: That is fair. I will not pursue that.

I understand that you did have some specific role to play in the matter of the allegations of a breach of the guidelines by Elinor Caplan. Can you tell us about that?

Mr. Carman: Yes, certainly. The Premier did request that I lead a quick review of the allegations. What I did was to pull together a group of senior staff within the Ontario public service and ask them, from their particular vantage point, to examine the allegations that had been made and to prepare input to myself for the preparation of a statement for the Premier.

Naturally, I looked to Blenus Wright from the standpoint of whether the activity was consistent with or in violation of the conflict-of-interest guidelines. I asked the Deputy Minister of Industry, Trade and Technology, Mr. Pat Lavelle to go into the Wyda Corp. files in the Innovation Development for Employment Advancement Corp. to determine if there was any information there relevant to the question. That activity started on a Tuesday and late Wednesday morning, the group came back and met and the statement that the Premier subsequently provided to the House flowed out of a group editorial session that took place at that meeting.

In addition, I personally called both the chairman of IDEA Corp., Mr. Ian Macdonald, and the president of IDEA Corp., Mr. Harold Blakely, and asked them specifically whether there had been any involvement by civil servants or ministers in influencing the decision of the IDEA Corp. around the Wyda grant.

Mr. Bell: If we can set our chronology, do I take it that the Wednesday you refer to when you assembled this team on instructions from the Premier was June 10, 1986?

Mr. Carman: Was it not a Tuesday?

Mr. Bell: I thought you said you assembled them on Tuesday and they came back on Wednesday.

Mr. Carman: That is right. The statement--is June 11 a Wednesday?

Mr. Bell: Yes.

Mr. Carman: All right. The team was assembled after question period on Tuesday.

Mr. Bell: On the 10th?

Mr. Carman: On the 10th.

Mr. Bell: The product of the investigation was delivered by the Premier--

Mr. Carman: On the 11th.

Mr. Bell: --in the House in his statement. Members that product is tab E of your material, for the record.

Can you tell us who the other members of the team were besides Mr. wright, yourself and Mr. Lavelle?

11:20 a.m.

Mr. Carman: Yes, there was David MacKinnon. Mr. MacKinnon is the chairman of the Ontario Development Corp. and with the changes that have taken place in the IDEA Corp., changing it from a schedule 2 corporation to folding it into the Ontario Development Corp., he is now in charge of all of the files of the IDEA Corp., so he was at the meeting. John Kruger was there because Mr. Kruger had been deeply involved in the review of the IDEA Corp. and I felt it was important that if he had any information that was relevant, that he should attend as well. As I recall, there were two members of the Premier's staff,

~~Mr. Bell and Mr. Lavelle~~

P-1120-1 follows



Sn
(Mr. Carman)

...did attend as well. As I recall there were two members of the Premier's staff, Mr. Ezrin and Mr. Tom Zizys and Mr. John Webster of Mrs. Caplan's staff. They are not part of the team. The team as I view it were civil servants, but they were at the meeting.

Mr. Bell: Do I understand that records of the IDEA Corp. were made available to these individuals respecting the investment in the Wyda Corp?

Mr. Carman: My understanding is Mr. MacKinnon has access to those files and as a consequence it is not a matter of them being made available to him. He is now in charge of them and therefore was able to access them for purposes of responding to the allocation.

Mr. Bell: Did they have access to any other materials that you know of?

Mr. Carman: I guess Mr. Wright has access to some materials, but given the problem the counsel has already identified, I think that needs to be discussed with Mr. Wright following this review period.

Mr. Bell: You mentioned discussions with Mr. MacDonald and Mr. Blakely. Did you or any members of that investigative team have discussions with anyone else in the formulation of the report culminating in the Premier's statement?

Mr. Carman: It is my understanding Mr. MacKinnon talked to staff at the IDEA Corp. but I think it would be preferable to get that information from Mr. MacKinnon because I do not recall the details of it.

Mr. Bell: I have had the clerk place the committee's exhibit book before you Mr. Carman. Could you turn to tab E, the Premier's statement please. Do you have that?

Mr. Carman: Yes I do.

Mr. Bell: You have already indicated Mr. Wright's involvement was to provide the legal opinion as for the breach of the guidelines. Is that correct?

Mr. Carman: Yes, that is correct.

Mr. Bell: If we look to page 6 of that statement, the first full paragraph, we see the expression of an opinion of Mr. Wright that Mr. Caplan has complied with these guidelines. I will not comment on the interesting spelling of opinion in guidelines, but it was a rush job like my job was.

As far as you understand, what was Mr. Wright's opinion based upon?

Mr. Carman: It was my understanding it was based on two things, one Mr. Wright's assessment of Mr. Caplan's actions on the one hand and his interpretation of the guidelines on the other.


Mr. Bell: Specifically, did Mr. Wright know or did any of the members of the investigative team, including yourself, know at that time that Mr. Caplan's retainer had increased from \$2,000 to \$8,000 a month?

Mr. Carman: No.

Mr. Bell: May I ask you as a member of that team, would the report that was prepared for the Premier been any different if you had known that information at that time?

Mr. Carnan: What I do in order to prepare such a report is I ask Mr. Wright what his assessment of a situation is at a particular point in time.

P-1125-1 follows



Mr. Carman: ~~What is the order for the report to be prepared? I ask Mr. Wright what his assessment of the situation is at a particular point in time. That is how this report was developed, on the basis of the information he had.~~

The counsel is asking me a hypothetical question in the sense that what would Mr. Wright have advised me had he known. I think that is a question that you should pose to Mr. Wright.

Mr. Bell: That is a good objection, Mr. Carman. I will ask it this way. What would your conclusion have been? Would your conclusion have been any different had you known that information at that time?

Mr. Carman: I do have to come back and restate the approach on this. I am acting as the chairman of a group of people who are trying to put a report together for the Premier. My role is to ensure that the appropriate advice is obtained from people who can give it. My role is to seek that advice from the person who I view is an expert in this area, Mr. Blenus Wright. Therefore, I do not make independent judgements. I try to reflect in the report to the Premier the judgement of the person who has been assigned that responsibility by the government.

Again, I come back to the situation that it would be Mr. Wright who would have to make this judgement. That is a question you should pose to Mr. Wright.

Mr. Bell: Mr. Carman, that is fair and we understand Mr. Wright's role. Have you ever had any discussions with Mr. Wright about his opinion subsequent to your having knowledge in the increase of the retainer from \$2,000 to \$8,000 a month?

Mr. Carman: Yes I have.

Mr. Bell: Has he expressed any opinion to you different from that found on page 6 of the statement?

Mr. Carman: It is my recollection of our discussion that Mr. Wright has indicated that Mr. Caplan complied with the guidelines notwithstanding that additional information. Again, I think you should pose that question directly to Mr. Wright.

Mr. Bell: Are you able to identify in the Premier's statement who of the investigative team contributed what?

Mr. Carman: Certainly.

Mr. Bell: It would be helpful if we take it page by page. You could indicate that for us.

Mr. Carman: Beginning the conclusion on the top of page 1, really flows from the discussion I had with Mr. Ian MacDonald and Mr. Harold Blakely. As it indicates further on in the statement on page 3, you have comments that are reflected from those two gentlemen on that page. In addition to asking them for their assessment of whether there had been any political involvement in the decisions of the board, I asked Mr. MacDonald in particular, if he would be prepared to indicate to the standing committee on public accounts what he said to me. He said, "Yes, absolutely, I would be prepared to come before the public accounts committee and confirm there was no political

Mr. Carman

involvement in the decision of the board." That is the fact upon which that conclusion in paragraph 1 is based.

There is a bit of history on the rest of that page.

Mr. Bell: Yes, the second page we are not concerned where that came from.

Mr. Carman: On page 3, I think I have covered the first full paragraph on that particular page.

Mr. Bell: Can we skip on until we get specifically to the matter of the Caplans. I believe that starts on page 5. Pages 5 and 6.

11:30 a.m.

Mr. Carman: The first full paragraph on page 5, is a combination of advice coming from the Ministry of Industry Trade and Technology. That event was confirmed from the files.

P-1130-1 follows



(Mr. Carman)

~~... combination of advice coming from the Ministry of Industry, Trade and Technology. That event was confirmed from the files.~~

The next part of that paragraph obviously came from Mr. Blenus Wright, as did the next paragraph. The following paragraph also came from Mr. Blenus Wright.

The conclusion in the first full paragraph on page 6, of course, is a direct quotation from Mr. Wright.

Mr. Bell: We have talked about that.

Mr. Carman: We have talked about that. The next paragraph was obtained from the Ministry of Industry, Trade and Technology. The next paragraph was a combination. Mr. Macdonald did indicate that to me in my telephone conversation with him. It was confirmed by Mr. Blakely, I believe, when Mr. David MacKinnon talked to him.

Mr. Bell: The one sentence paragraph, "No member of the government--"

Mr. Carman: That is a combination, a kind of conclusion from all the other pieces of information.

Mr. Bell: Okay.

Mr. Carman: I think it is mostly general comment after that.

Mr. Bell: I understand that the investigative team reported to you after it completed its work.

Mr. Carman: That is correct. We met sometime on Wednesday, I think it was 12:30. The group came back together and provided the information that had been amassed by the individual members. At that point there was a group writing of this particular document. Because of the shortage of time, which you might imagine, a number of people took a number of paragraphs and began working on them to put it together into a final document.

Mr. Bell: I understand a part of the report to you was in written form.

Mr. Carman: There were notes that, I believe, were provided by the Ministry of Industry, Trade and Technology. It had done a first draft which required some modification.

Mr. Bell: Were these Mr. Blakely's notes?

Mr. Carman: No, I believe they were Mr. MacKinnon's notes.

Mr. Bell: I am sorry, Mr. MacKinnon's notes. Can you confirm that I did ask you to speak to Mr. MacKinnon to have him preserve and produce those notes?

Mr. Carman: That is quite correct. I did that, not by contacting Mr. MacKinnon but by contacting his deputy, Mr. Pat Lavelle. I indicated to him

(Mr. Carman)

that the committee might well wish to see not only the notes but the files from the Innovation Development for Employment Advancement Corp.

Mr. Bell: That is the second thing that, in respect of the material that this team did review, you have again asked that it be preserved and expect a request will be received from the committee that it be produced?

Mr. Carman: That is quite correct.

Mr. Bell: And the best person to notify to obtain both those classes of documents is Mr. MacKinnon?


Mr. Carman: I would recommend that the committee ask the deputy minister to produce this so it flows through the proper channels.

Mr. Bell: Okay. You have already mentioned the matter of the referral of the guideline issue to Mr. Robinette. Can you tell us why that decision was taken, and what specifically Mr. Robinette was asked to do?

Mr. Carman: Certainly. The Premier (Mr. Peterson) requested me to have a discussion with Mr. Robinette. He actually phoned him himself and indicated that I would be following up with the Ministry of the Attorney General to talk to him.

The Premier then indicated to me that he was concerned about the issue of conflict of interest relevant to two things. The first was what we referred to as the size of the net. What that means is how many of the family members of a minister or a parliamentary assistant ought to be included in the conflict of interest guidelines. What that flowed from was the situation with the Honourable Sinclair Stevens where, as I understand, the spouse in the Ottawa guidelines was not included. ~~It was not included.~~

(Tape P-1135 follows)



(Mr. Carman)

~~... I understand, the spouse in the Ottawa guidelines was included. In the Premier's (Mr. Peterson) view that perhaps even family members beyond the spouse, which is the current situation with the Ontario guidelines; might well need to be included in order to give the public a confidence that there was no conflict of interest by cabinet ministers or parliamentary assistants.~~

The one question, in the meeting that we had with Mr. Robinette on May 14, was how wide should the net be cast relative to adult children rather than children less than the age of majority and other family members? We left the discussion with Mr. Robinette and his view as to how wide that ought to be. We did not specify brothers-in-law, sisters-in-law or parents. We just said that all of those things obviously ought to be given some consideration.

The single thing that was concerning the Premier was, again, the issue that was mentioned earlier relative to the reference to Ms. Mary Eberts. That was the question of how do you handle a business during a period where an individual could be a parliamentary assistant, or a minister, in such a way as to attract businessmen to run for public office.

I indicated to Mr. Robinette that the Premier was very concerned that governments of the future be fully representative of the Ontario community and that businessmen should not be in business with it; they should not be discouraged from participating in government. I asked if there was any way in coping with that problem.

In talking with Mr. Robinette we said that the answer to it was not to relax the guidelines but to find a way in which businesses can be structured to remove the conflict of interest and ensure that problems would not arise for the individual after he or she has been in office for some period of time.

Mr. Bell: Do you know if the Premier had any concerns for the scope and clarity of the existing dialogue? Was that part of Mr. Robinette's instructions? We talked about scope.

Mr. Carman: Yes, scope has already been talked about.

Mr. Bell: I am talking about clarity of guidelines.

Mr. Carman: As I recall the discussion with Mr. Robinette, if anything could be done to remove ambiguity, or clarify the question of appropriate action, that was certainly all a part of the assignment.


Mr. Bell: I understand, because I have spoken to Mr. Robinette, that he was sent certain materials as background. The materials are found in tab J. I am not going to spend a lot of time on it but, Mr. Carman, could you turn to subtab 4 of that material?

As you have indicated already, prior to the referral of this matter to Mr. Robinette there had been some work under way within the Attorney General's (Mr. Scott) ministry for the drafting of guidelines, certainly for deputy ministers. Was there anything under way for ministers?

11:40 a.m.

Mr. Carnan: When the Premier had been in office for some time in the fall he asked if there was any specific conflict of interest code for deputies. I told him that the only conflict of interest that deputies operated under was the Manual of Administration. He said, "Perhaps deputies are in a special category by themselves and we ought to ask the Attorney General's department to undertake a review of this and come in with a proposal." What you see is a draft which has not been, in any way, subjected to detailed scrutiny by either myself or the deputies but it was where the work within the Ministry of the Attorney General had proceeded at the point where we had the meeting with Mr. Robinette.

(Tape P-1140 follows)



~~has not been in any way subjected to detailed scrutiny by either myself or~~
~~colleagues, but it was at the point that the work within the Ministry of~~
~~Attorney General had proceeded that we had the meeting with Mr. Bell.~~

Mr. Bell: The draft provides for a process of monitoring and advice to deputy ministers on various of the conflict obligations. It identifies the person who is primarily responsible for that process as the secretary of the cabinet--yourself.

Mr. Carman: That is right.

Mr. Bell: Has any thought been given by you, your office or the government to whether that process is applicable for ministers?

Mr. Carman: As a result of some conversations that took place two or three weeks ago, I have asked the Assistant Deputy Attorney General to consider the possibility of some similar type of structure for cabinet ministers and parliamentary assistants. That is at a preliminary stage of investigation, but I made the request to see whether there was some validity in looking at that proposal. In asking Mr. Chaloner to do that, I asked whether he would examine both the pros and the cons of this particular approach, and I said to him that it was nothing more than a request to see whether the suggestion had any validity. It was not something on which a decision had been made. It was strictly an approach on which some investigation was requested to bring advice back to the cabinet.

Mr. Bell: The draft also at page 2, section 6, speaks to--I will read it. It says, "Upon assuming his official duties and thereafter, a deputy minister shall arrange his private affairs so as to prevent real, potential or apparent conflict of interest and any such conflict...shall be resolved in favour of the public interest." Has any thought been given to whether that standard is applicable or should be applicable to ministers of the crown?

Mr. Carman: I would like to clarify for the members of the committee that this is not a standard on which there has been any decision taken. This is nothing more than a draft that the Ministry of the Attorney General has prepared. It has not been discussed with either the deputy ministers or the government.

Mr. Philip: It is a direct copy, word for word, of the Manual of Administration. What are you talking about?

Mr. Carman: What I am trying to indicate is that I do not want people to believe this document, as it is included in this package, has received some kind of approval at this stage. To the specific answer to the question, this is something that could fall within the terms of reference Mr. Robinette has been given.

Mr. Bell: I have been asked whether I would clarify a line of questioning in which I engaged you earlier. I used the word "increase" in the retainer from \$2,000 to \$8,000 a month. Some people believe that is an expression of a judgement I have made. It should not be. It is a statement. I think the record should show that in March 1986 the fee paid by the Wyda company to Mr. Caplan was \$2,000 per month and in April 1986 the retainer was \$8,000 per month. I will let people draw their own conclusions on whether it is appropriate.

is
(Mr. Bell)

P-1140-2

25

June 25, 1985

Let me finish the question please. Given the context of that question, is there any change you would like to make in any of the answers you have given me? In the line of the questioning I gave you before, did you have the information that in March the fee was \$2,000 and in April it was \$8,000?

Mr. Cannan: At the time the statement was prepared, I was not aware--

P-1145 follows



Mr. Carman: ~~A statement that the committee was prepared~~
aware of the details of that change in the payment. Is that the answer you were looking for?

Mr. Ward: Just on that point, Mr. Chairman, I want to know to what extent the team that was assembled understood what the retainer was?

Mr. Chairman: We are not getting into questions. I thought you had a comment to make.

Mr. Ward: I do. I will make the comment that the retainer was not \$2,000 a month, that it was beyond that in terms of other specifics that were contained in the agreement between Wyda and Damaza Consultants Ltd.

Mr. Chairman: Is it a comment on this issue?

Mr. Epp: Mr. Chairman, I think we should go back to the questions--

Mr. Chairman: I believe that is the process we should follow. We can try to resolve this as we get into the questioning, perhaps that is the best way. Mr. Bell, do you have any additional questions?

Mr. Bell: That is all my questions, thank you.

Mr. Gillies: First of all, do I understand that each individual member is limited to 20 minutes?

Mr. Chairman: That is the present policy. We are going to review that in camera later on.

Mr. Gillies: ??You made extensive reference to it but I would like to go back to the Premier's statement for a minute.

In view of the fact that the Premier indicated to the House that the investigation had been conducted by yourself, would you agree that ultimately the facts contained therein were your responsibility or am I making an assumption?

Mr. Carman: I certainly had a responsibility to make sure that the statement was accurate, to the best of my knowledge, at the time it was put together. In fact, there was a preamble to that effect. That it was done very quickly and it would be subject to some problems from that standpoint--some limitations, let me put it that way.

Mr. Gillies: I can appreciate you were operating in a rather tight time frame. As an example of the accuracy or lack of accuracy of the statement, I point out that the Premier made a statement with regard to the business relationship between Mr. H. Woods and Mr. Terry Graham. I know this specific matter is not appropo of the Caplans but it is contained in the statement.

The Premier's statement said that Mr. Schwartz and Mr. Graham had severed their business relationship three years prior to Graham applying to the IDEA Corp., June 1985. ??Were you cognizant that the facts were at variance with that. In fact, Mr. Schwartz and Mr. Graham had severed their business relationship in the spring of last year, not three years ago?

Mr. Carman: At the time that report was put together I was not aware of it.

Mr. Gillies: Further to that then, the statement was prepared by the Premier in response to the line of questioning which I put to him in the House on June 10, 1986. I think the main question that I asked that day was in view of the fact that the government indicated that it was going to wind up the operations of the IDEA Corp. on June 30 of this year, why the spending of that particular corporation had escalated to the extent that it did? That in the four-year history of the IDEA Corp., 60 per cent of its funding was expended since the new government took power.


Why did the Premier or yourself chose not to address that in your statement and, indeed, whether the facts, as I outlined them to the House on June 10 are correct?

Mr. Carman: First, I believe that the amount of money was mentioned on page 3 of the Premier's statement, "Of the \$27 million, 16 investments totalling \$10.4 million were made after the announcement on February 19 that the corporation would be wound down." There was a response in the statement in part to that question, Mr. Gillies.

11:50 a.m.

Mr. Gillies: The other part of the question--

P1150 follows



On
(Mr. Gillies)

is there any explanation, in as much as you can speak for--

Mr. Carman: Certainly.

Mr. Gillies: --as to why the spending increased to the extent that it did?

Mr. Carman: I think the answer again would be better obtained from Mr. Lavelle and David MacKinnon because they did go into it in some detail. In general terms, it is my understanding that from the time Mr. Blakley was retained by the corporation in the summer of 1985, under his leadership the time in which projects were brought to fruition and analyses done was greatly speeded up.

Prior to that there had been a period of time when the corporation had not been operating as effectively as it might have. Mr. Blakley's retention resulted in a speed-up on a number of backlogged cases that had come to the corporation's attention and I think it is clear the corporation was able to act quite quickly in that period of time because of the organization he brought to it.

Mr. Gillies: I wondered why, in preparing this document you chose not to consult with the manager of the IDEA Corp., Bruno Maruzzo? I want to quote what Mr. Maruzzo told me, which I included in my June 12 press release, "Staff was under pressure now to get the money out and make the deals, said Mr. Maruzzo, but no one ever said why this was being done." Why would corporate policy in terms of the approval of grants and the flow of money, not be understood by the manager of the IDEA Corp. as recently as two weeks ago?

Mr. Carman: I feel that there may have been a review of that between Mr. David MacKinnon and his contacts with IDEA. I am not aware of the detail of that at all. I cannot be helpful to the committee. I would urge the committee to discuss that with Mr. MacKinnon.

Mr. Gillies: There was never cabinet level discussion then of the funding policies and the change in the funding policy of the IDEA Corp. since the new government took office here. You say this was done at the level of the executive of the corporation, presumably with its staff.

Mr. Epp: I think that Mr. Gillies knows that Mr. Carman cannot reveal what went on in cabinet. It is an unfair question to ask Mr. Carman to reveal what went on confidentially in cabinet. I do not think Mr. Carman should be asked to answer that question. Mr. Pope, as a former member of cabinet, and Mr. Gillies know that they are putting Mr. Carman in an unfair position by asking him to reveal discussions in cabinet.

Mr. Pope: I agree that Mr. Carman should not be in that position. I think we have to know if the government is claiming cabinet privilege in some of these matters. It is up to the cabinet to inform us. It is not up to Mr. Carman, you are absolutely right. It is up to the cabinet to inform us whether or not they are claiming privilege. That is the reason I talked at length about documentation.

Mr. Gillies: I would be quite satisfied if Mr. Carman indicates that that is a matter of cabinet privilege. I understand that.

Mr. Carman: I so do, Mr. Chairman.


Mr. Gillies: All right. Continuing through the statement, just as a footnote I want to take exception to the first paragraph on page 5 of the statement in which it really says that the assistant deputy Attorney General-civil law had a discussion with Mr. Caplan concerning conflict of interest as a part of ongoing process to advise Liberal members and their spouses. I am sure you will agree with me that the appropriate wording of that would be a discussion that he is obliged to have with members of cabinet and parliamentary assistants. He is not there to inform Liberal members at all, or any private member that he is there to advise people who are sworn under the Executive Council Act.

Mr. Carman: That is quite correct, Mr. Chairman.

Mr. Chairman: I do not want to get into supplementaries at this stage. That is an issue I would like to deal with in camera when we are talking about the questioning format. We can resolve it there so that we do not get into any lengthy debates about it.

Mr. Gillies: Thank you. On page 6 of the statement we have the written opinion of the assistant deputy Attorney General that Mr. Caplan had complied with the guidelines but you would concur and have already said that the statement was made prior to the knowledge that Mr. Caplan's fee had increased, I say without prejudice . . .

1155-1 follows



(Mr. Gillies)

~~... had complied with the guidelines, but you would concur and have already said, Mr. Carman, that statement was made prior to the knowledge that Mr. Caplan's fee had increased, I say without prejudice, for whatever reason?~~

Mr. Carman: That is correct. That statement was made on June 11.

Mr. Gillies: Then in the third paragraph, "Mr. Caplan's relationship to Wyda was disclosed by Mr. Macdonald to the board before its deliberations, and the board decided that it would have no impact on its decision."

I ask you if you are aware of two things. When Wyda appeared before the IDEA Corp., my understanding is that one of the very first things they put on the table was Mr. Caplan's relationship to the government. To the best of your knowledge, that did occur?

Mr. Carman: Yes. Mr. Macdonald did indicate to the board that Mr. Caplan was not only connected with the Wyda application, but he was also connected to the government.

Mr. Gillies: Prior to the questioning that I undertook in the House on June 10, were you aware of Mr. Caplan's relationship with the Wyda Corp. and the fact that Wyda was making application for a \$3-million grant?

Mr. Carman: I was aware that Mr. Caplan was involved in some way with something before the IDEA Corp., but I was not aware of the details.

Mr. Gillies: At any time prior to the June 10 questioning, did you ever discuss, either with the member for Oriole (Ms. Caplan) or with the Premier (Mr. Peterson), any concern expressed about this fact?

Mr. Carman: Not that I recall.

Mr. Gillies: Were you ever contacted--again, prior to June 10--by any official or staff member of the IDEA Corp., regarding this fact?

Mr. Carman: I was not contacted by any member of the IDEA Corp. about this, no.

Mr. Gillies: Were you contacted by any other person?

Mr. Carman: Yes. Mr. Kruger mentioned it to me.

Mr. Gillies: Mr. Kruger mentioned it to you prior to June 10. May I ask in what context he raised it?

Mr. Carman: He just raised it in the context that there was some connection, but he saw no problem with it, as I recall the discussion.

Mr. Gillies: When he initially raised it with you, did he raise it as a concern, or did it just come up in conversation, "By the way, did you know that Wilf Caplan is representing this company"? I wonder if you could try to recreate that conversation for us.

Mr. Carnan: It came up in context with some discussions regarding Mr. Blakley's arrangements with the government.

Mr. Gillies: Mr. Blakley's arrangements with the government being what?

Mr. Carnan: Because the IDEA Corp. was being phased out, Mr. Blakley's future with the government was being negotiated by Mr. Kruger.

Mr. Gillies: Mr. Kruger raised a concern with you then in the context of the operations of the IDEA Corp. In the course of the conversation, did Mr. Kruger express any concern, or did you express any concern to Mr. Kruger, about the way this relationship may be perceived in the context of conflict of interest?

Mr. Carnan: No, I do not recall that being an issue.

Mr. Gillies: When the new government took office, could you tell the committee what period of time ministers had to bring their affairs into conformity with the conflict-of-interest guidelines?

Mr. Carnan: It is my understanding that they were given a six-month period in order to carry out that task.

Mr. Gillies: Will you confirm to the committee that the time limit under the previous government was 90 days?

Mr. Carnan: I do not know what the time limit under the previous government was because I was not involved with it at that time.

12 p.m.

Mr. Gillies: My understanding, subject to confirmation, is that ministers of the previous government had 90 days to conform. To the best of your knowledge, why did the new government choose six months? Why was it felt they needed such a long period of time to bring their affairs into order?

1200 follows



~~(Mr. Gillies)~~

~~to conform. To the best of your knowledge, why did the new government~~
~~at least why was it felt they needed such a long time to bring their~~
~~affairs into order?~~

Mr. Carman: It is my understanding that the time was suggested or recommended by Mr. Blenus Wright but, again, you should pursue this line of inquiry with him.

Mr. Gillies: Fair enough. I think that just about wraps it up. I just want to recap one or two things briefly if I might, Mr. Carman. To the best of your recollection, the Caplan-Wyda-IDEA relationship was not brought to your attention at any time by the Premier (Mr. Peterson), it was not brought to your attention or discussed at any time by Mrs. Caplan, but it was by Mr. John Kruger. Is that a fair statement?

Mr. Carman: Yes, that is correct to the best of my recollection.

Mr. Gillies: Can you tell the committee to the best of your recollection the approximate date of that conversation, even within a month?

Mr. Carman: It was probably in April but I am guessing.

Mr. Chairman: Mr. Gillies, we have five other members who have indicated an interest, at this stage, in asking questions. I am just wondering how the committee feels. We have a number of items to deal with in camera which will take an unknown amount of time at this stage. I am just wondering if we should not have a brief break at this point to allow the public to move out of the room and then we can move into camera.

Mr. Wildman: May I suggest that a member of each party be allowed an opportunity to question the witness and then we can go into camera?

Mr. Wildman: In fairness ??--

Mr. Chairman: I suggest that Mr. Carman would have to return this afternoon. I am not suggesting his testimony has ended at this stage.

Mr. Wildman: We normally would go till 12:30. ??--

Mr. Chairman: What is the feeling of the committee? Do you want to continue with Mr. Carman until 12:30?

Mr. Epp: I was even going to suggest to go a little later because we could finish with Mr. Carman perhaps before one o'clock and then we could go in camera--

Mr. Wildman: I ??would suggest we continue till 12:30 and then have our in camera meeting at the beginning of this afternoon's session.

Mr. Chairman: All right. Is that an agreeable process? Fine. Then we will continue the questioning.

Mr. Ward: I do not intend to take the entire 20 minutes at this point, but I want to start on a couple of points. First, with regard to the team that was assembled on Wednesday, June 10. I am not too clear on this, but conspicuous by his absence is Mr. Wright. Was he not involved in this process?

Mr. Cannan: If I did not mention his name, I apologize. Certainly he was there.

Mr. Ward: So he was involved. Second, relative to the question that was put by counsel with regard to a change in the retainer--and, again, these references keep coming up to the \$2,000 retainer as opposed to a subsequent \$8,000 retainer--were you or the team aware of the details of the agreement between Wyda and Damaza in regard to that retainer? I refer you to tab I in the material that is before us. It clearly outlines the basis of the arrangements between Damaza and Wyda as of January 31, 1986 which indicates that Damaza has received and will continue to receive \$2,000 per month. It goes on further to say, "Upon the arrangement of the second round of financing, will receive the following payments."

Mr. Cannan: Excuse me. I am having some trouble finding just whereabouts under tab I.

Mr. Ward: You can go to Elinor Caplan's statement under tab F, as well.

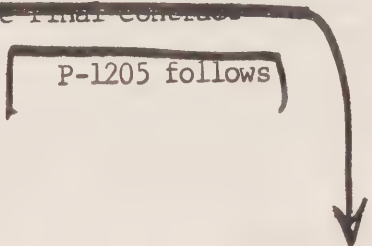
Interjection: I am sorry, it is not tab H. It is under tab F, page 3.

Mr. Carman: Is it a letter dated January 31?

Mr. Ward: Yes, or for convenience, you can find it under tab F, page 3 of Mrs. Caplan's statement.

~~It is a letter, the final contract~~

P-1205 follows



Mr. Ward: ~~Yes, or for convenience, you can find it under tab 1 on~~

~~page 3 of Mr. Caplan's statement.~~

It continues, "The final contract therefore provided for a \$2,000 per month fee...a \$50,000 payment on closing and a further payment following a formula of five per cent of Wyda's profits in 1987 and 1988 up to a maximum of \$600,000."

This remuneration was not to be forthcoming on any funds that were the result of any dealings specifically with the Ontario government in terms of second-round financing.

I think this is a crucial point in terms of what the compensation arrangements were at the time involved.

Mr. Carman: I need some advice from counsel on how to deal with this question. Does this not relate to the discussions that counsel had earlier with Blenus Wright?

Mr. Bell: I think I understand Mr. Ward's question. On June 11, Elinor Caplan rose in the House and made a statement. That is public record. In the statement she described, I believe, for all the material times of Mr. Caplan's association with Wyda all the terms of his retainer from the beginning to even the day she rose in the House. With those parameters, was the team, when it prepared the statement of the Premier (Mr. Peterson) the day before, aware of those terms?

Mr. Carman: Yes, they were.

Mr. Bell: Be careful now, because the terms include the one whereby as of April 1986 Mr. Caplan is to receive \$8,000 a month.

Mr. Carman: No. I misunderstood. I was looking at only the \$2,000. That is all the team was aware of on June 11.

Mr. Bell: I do not believe you have the problem Mr. Wright has. In any event, the matter was disclosed on June 11, so it is academic. The record should be complete. The team was not aware of the terms referring to the \$50,000 payment?

Interjection: The \$600,000?

Mr. Bell: No, let me get to this one first.

Mr. Carman: These pages are not numbered, but the team was aware of the material on this unnumbered page, page 3 in the statement.

Mr. Bell: Can we go back to the previous page? Let us do it this way. Was the team aware of the detail of the retainer on the second page of her statement?

Mr. Carman: No.

Mr. Bell: Was the team aware of the detail on page 3?

Mr. Carman: Yes.

Mr. Bell: Turn to two pages after that, on the one that says "The previous contractual arrangement" about two thirds of the way down. It is the fifth page from the front.

Mr. Pope: It starts "he would be pursuing his new business enterprise."

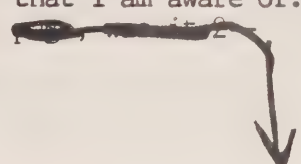
Mr. Carman: Oh yes, I have it.

Mr. Bell: Two thirds of the way down, in that paragraph and even going over to the next page, are the particulars respecting the change. Was the team aware of that information?

12:10 p.m.

Mr. Carman: No, not that I am aware of. The only information the team was aware of was was ~~that it was~~

P-1210 follows



to the next page, was the team aware of that information?

Mr. Carman: Yes, that I am aware. The only information the team was aware of was on page 3.

Mr. Ward: Mr. Wright was a member of the team, was he not?

Mr. Carman: Yes, that is right.

Mr. Ward: He was involved in those meetings and discussions?

Mr. Carman: That is correct.

Mr. Ward: Are you saying he did not convey to the team the full details of the compensation package or the arrangement between Damaza and Wyda, that it was left at \$2,000?

Mr. Carman: The team was aware of what is on page 3. Whether Mr. Wright revealed anything assumes he knew something he did not reveal. I cannot comment on that.

Mr. Ward: I am not assigning any motive. If anything, it was an omission.

Mr. Carman: That is more properly directed to Mr. Wright, to indicate what information he had at that particular time and what information was made available to the team.

Mr. Ward: Needless to say though, at the time the team was assembled and the statement was prepared, you were satisfied there was no breach of the guidelines?

Mr. Carman: I was satisfied that Blenus Wright had examined the situation carefully and had provided the advice to the best of his ability. I accepted that advice.

Mr. Philip: I wonder if I can review with you the possible causes of this lack of knowledge. Is it fair to say that the team did not know because its investigation was not complete enough to discover it; or as a second possibility, Mr. Wright knew but somehow failed to convey the information on the pages after page 3 to the team; or that the cabinet minister did not know and therefore would not have disclosed; or that the cabinet minister did know and did not disclose? Are those the four possibilities or are there others that could account for this lack of information on the increase?

Mr. Carman: It is difficult to think of other possibilities on the spur of the moment that could explain the lack of knowledge.

Mr. Philip: You are the person responsible for co-ordinating this investigation on June 10 and June 11. Can you tell us what contact any members of the team had with either of the Caplans? Who contacted whom and when?

Mr. Carman: To the best of my knowledge, on June 10 and June 11, Mr. Wright may have had some contact of which I am unaware, but the civil servants on that team had no contact with Mrs. Caplan in terms of exploring it with her. I believe political staff in the Premier's office may have contacted Mr. and Mrs. Caplan. I do not know.

Mr. Philip: Whom do you mean by political staff?

Mr. Carman: The people who are on the Premier's office staff.

Mr. Philip: Why would an investigation be conducted and a statement prepared for the Premier without contacting and speaking to the two principal people involved? I find that very hard to understand.

Mr. Carman: I mentioned earlier that John Webster, the minister's executive assistant, provided information to the team. I expected he would get all the relevant information that was required for purposes of the study.

Mr. Philip: When you went over this statement, the principal information that is most controversial is related to Mr. Wright and not to Mr. Webster, as you went down the series of names...

P-1215 follows



358
June 25, 1986Mr. Philip

~~principal information that is most controversial is related to Mr. Wright~~
and not to Mr. Webster, as you went down the series of names and we added names to various parts of the statement. The critical part of the statement is dependent on Webster, yet I do not see Webster's name. I see Wright's name in the right-hand column as you answered questions from our counsel.

Mr. Carman: Coming back to the question, again, I count on Mr. Wright to have taken the appropriate action, to make the necessary contacts in order to make a statement relative to whether or not there is a breach of the conflict-of-interest guidelines. That role is delegated to him.

Mr. Philip: But you are the person who would present this to the Premier, not Mr. Wright. Is that correct?

Mr. Carman: Not exactly. What actually happened is that in the final analysis, a group of people pulled the material together to prepare it for the Premier. As I indicated earlier, because of the time problem, the final statement was prepared by a group, not by me solely.

Mr. Philip: The last stop before handing it to the Premier is on your desk or in your hands, is that correct?

Mr. Carman: Under ideal circumstances, that is the way it would have worked, but it did not work that way because of the time problem. Had it ended up on my desk before it went into the House on June 11, there would have been no typographical errors in the statement. There would have been no other errors in the statement. However, because of the time problem--members will recall the House went back to statements in order to deal with this particular issue--the information was pulled together very hurriedly at the minute.

Mr. Philip: This is a highly important issue. Somebody has to be the final person who puts it together and says to the Premier: "Here is your statement. You can read it in the House." If you are saying it was not you who did that, who was it?

Mr. Carman: As I said, it was a combination of people who tried to get the statement into its final form at the last minute and get it to the Premier. It was a group. It was not something I did solely or that ended up on my desk for a thoughtful and careful review before it went to the Premier.

Mr. Philip: The committee walks into the Premier's office saying, "We have this wonderful statement for you to read in the House that is going to get you off the hook." Is that what you are asking us to believe, that no one person had that statement for him, that no one person reviewed it before he read it in the House?

Mr. Carman: The Premier was anxious to respond to the allegations the next day in the House. As a consequence, the normal process was not followed to the letter in terms of ensuring that the document was perused carefully prior to the statement being read.

Mr. Philip: I find it very difficult to believe that, as secretary to the cabinet, you would not have reviewed this document and at least asked one question, that question being a very simple one, "Who contacted the Caplans and when?" That seems to be an elementary, reasonable thing to do.

(Mr. Philip)

whether it is you or somebody else who is ??sworn in, somebody has to act as the coach before the Premier walks into the House with this document. When you prepared this document, somebody had to ask the question: "Are we satisfied? what do the Caplans say?" What did they have to say about it? You are telling me that neither you nor anyone else to your knowledge did that.

12:20 p.m.

Mr. Carnan: No. I have indicated there was ongoing contact with the Caplans by Mr. Wright, as I understand it. In addition, Mrs. Caplan was represented by her executive assistant who provided information to the committee.

Mr. Philip: Now the executive assistant was the one who met with the committee?

Mr. Carnan: I indicated that right at the beginning.

P-1220 follows



~~Mr. Philip: Now the executive assistant was the one who met with the committee.~~

~~Mr. Carman: I indicated that right at the beginning.~~

Mr. Philip: I just find this difficult to understand that anything this important would not be reviewed by someone and that the question be asked.

Let me go in another direction. You talked about the conflict of interest code for deputy ministers that was being reviewed. In your draft you gave the indication that it was not really policy that it was still in a study stage, including item 6, which says, "Assuming his official duties and thereafter a deputy minister shall arrange his private affairs so as to prevent real potential or apparent conflict of interest." I draw your attention to the "apparent conflict of interest."

If one examines the Manual of Administration that you would no doubt be very familiar with in your previous incarnations, you would know that those words are directly out of the Manual of Administration. They are almost word for word. I have it here somewhere.

Mr. Carman: I have a copy here if you would like to borrow mine.

Mr. Philip: Would you agree that those are word for word from the Manual of Administration?

Mr. Carman: The Manual of Administration says that a conflict of interest is defined as a conflict between the public servant's personal interest and his or her responsibility as a public servant. This includes, actual or perceived conflicts and those which have the potential to be actual or perceived.

Mr. Philip: The word "apparent" is a replacement for the word, "perceived."

Mr. Carman: It is not exactly the same wording, but I do agree that the sense is the same.

Mr. Philip: Would you agree that there are very little chances that even under final redrafting or working that you would change the concept at least of apparent or perceived conflict of interest?

Mr. Carman: I agree that in terms of the role of a deputy minister that perception of conflict is an important concept.

Mr. Philip: Would you agree, since it was under study that such a document might be prepared for ministers, that from your knowledge of what has happened during the Caplan controversy that were these guidelines effective for cabinet ministers that in fact there would be an apparent or perceived conflict?

Mr. Carman: I think that is asking me to make a judgement about the details of this particular situation. I think the committee should pose that question to the person whose profession it is to make those judgements.

Mr. Philip: Let me ask you as an advisor to the cabinet, who has met with cabinet ministers to advise them of the importance of the conflict of interest guidelines, I would refer you to the third item, "While holding office it will be the responsibility of the individual minister to ensure that whenever a matter involving a personal beneficial interest comes before the ministry for which the minister is responsible, being a matter involving the discretion of the government, the minister will request that a colleague be officially appointed to act for the ministry concerned for the purpose of dealing with the matter."

Would you agree that a beneficial interest could be a spouse holding a position in a company that could in fact benefit or perceive to benefit by a contract of some sort?

Mr. Carman: Again, I feel this line of questioning is so much more relevant to the testimony of Mr. Wright. Had he gone first, I am sure that these questions would be posed to him and he could have dealt with them in a completely full way and I would urge that he deal with these. This is his job to interpret those particular clauses in the conflict of interest guidelines.

~~Mr. Philip: Let me~~
P-1225-1 follows



~~Mr. Caplan) to him and he could have dealt with them in a completely full way. I urge that we deal with these. It is his job to interpret those particular clauses in the conflict of interest guidelines.~~

Mr. Philip: Let me redirect in a different way. As the secretary of cabinet, you are no doubt on top of or in some way responsible for the various roles and functions of different cabinet ministers. Would you agree that the Chairman of Management Board of Cabinet, in his or her responsibilities under chapter 254 of the act, has the responsibility to control expenditures of public money within the amounts appropriated otherwise provided for by the legislature? If so, would you agree that the IDEA Corp. falls under that category of the direct responsibility of the Chairman of Management Board?

Mr. Carman: The Chairman of Management Board does not have the direct responsibility for the funds that flow out of the IDEA Corp. That is the responsibility of the Minister of Industry, Trade and Technology (Mr. O'Neil). The responsibility of the Chairman of Management Board is much more an overview responsibility with respect to specific items that come before the chairman in the course of the events of items that are sent to management board and the overall expenditures of government. The Chairman of Management Board is not responsible for the individual decisions that are made on funds flowing out of the IDEA Corp. expenditure portfolio.

Mr. Philip: Let me try to put it as simply as possible. Would you not agree that after the minister responsible deals with any expenditure that eventually Management Board is involved in the process of the final decision concerning the control on expenditure of the money?

Mr. Carman: Let me try to clarify that question in this way. In the decisions of the IDEA Corp., under the schedule II ??board that is an arm's-length corporation. The corporation is fully accountable for all of the decisions it makes on each and every grant that it provides under its legislation. It is not a decision that is subsequently referred either to the Management Board of Cabinet or to cabinet itself. The corporation has the authority to make those decisions in its own right. The only thing the minister has to be concerned about--that is the Minister of Industry, Trade and Technology--is whether the corporation is operating within its legislative mandate and is staying within its overall budget and the objectives of the corporation are being met by the decisions it is taking. That is a complex subject which would merit its own review at some point.

In addition, the Minister of Industry, Trade and Technology is accountable to the government and through the Chairman of Management Board to stay within his overall expenditure envelope. In the case of the IDEA Corp., I believe that is an expenditure control item which the Minister of Industry, Trade and Technology is responsible to the Management Board to ensure that line item is not overspent. That is the extent of the accountability.

Mr. Philip: I wonder if I can refer you to the ??first page of conflict of interest in which it says: "No private company in which the minister or his or her family have an interest may become contractually involved with the government of Ontario unless..." It goes on. Would you agree that Mr. Caplan, by virtue of his vice-presidency, had an interest in the company we are concerned about?

Mr. Carman: Once again, I believe this is the kind of line of questioning that should be addressed to Blenus Wright.

12:30 p.m.

Mr. Philip: May I direct you towards a statement you made earlier? It may take me a minute to find it. I want to clarify Mr. Wright's position. You said: "Wright's position is not in the nature..."

P-1230-1 follows



is
(Mr. Philip)

P-1230-1

99
June 25, 1986

~~stated it. I want to clarify Mr. Wright's position--you said, "Wright's~~
position is not in the nature of a solicitor but that of an interpreter." Of course, you were talking about the conflict-of-interest guidelines. Can you tell me the difference between a solicitor giving advice on a highly technical matter--what amounts to a legal matter--and what Blenus Wright, as a solicitor in the Ministry of the Attorney General, gives as an interpreter? I do not know what an interpreter is in that context.

Mr. Carman: The distinction I was trying to make--and perhaps it was not as clear as it might have been--is that my understanding is that it is not a solicitor-client relationship in the normal context one would understand between an individual and a private-sector solicitor. When I heard the word "solicitor," I was concerned that interpretation would be placed on the relationship between Mr. Wright and a parliamentary assistant or a cabinet minister and his or her spouse. There are legal interpretations. However, I wanted to separate the notion of Mr. Wright operating in that other context as I understood it.

Mr. Chairman: Thank you, Mr. Carman. Your time has expired, Mr. Philip.

Mr. Philip: Just when I was warming up.

Mr. Chairman: Mr. Carman, will it present any insurmountable difficulties for you to be available later today?

Mr. Carman: After question period?

Mr. Chairman: We will have a brief in-camera session--we hope it will be brief. The clerk could contact you.

Mr. Carman: By all means, I will make myself available to the committee.

Mr. Chairman: Fine. We will adjourn until after routine business of the House.

The committee adjourned at 12:32 p.m.



STANDING COMMITTEE ON PUBLIC ACCOUNTS

ALLEGED CONFLICT OF INTEREST

WEDNESDAY, JUNE 25, 1986

Afternoon Sitting

Draft Transcript



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gordon, J. K. (Sudbury PC)

Harris, M. D. (Nipissing PC)

Philip, E. T. (Etobicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitutions:

McGuigan, J. F. (Kent-Elgin L) for Mr. D. W. Smith

Rowe, W. E. (Simcoe Centre PC) for Mr. Harris

Ward, C. C. (Wentworth North L) for Mr. Ferraro

Clerk: Arnott, D.

Staff:

Bell, J., Counsel; with Shibley, Righton and McCutcheon

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Cabinet Office:

Carman, R., Secretary of the Cabinet and Clerk of the Executive Council

From the Ministry of the Attorney General:

Wright, B., Assistant Deputy Attorney General--Civil Law

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Wednesday, June 25, 1986

The committee resumed in camera at 4:05 p.m. in room 228.

Alleged Conflict of Interest
(continued)

4:46 p.m.:

Mr. Chairman: Will you come to order.

Before we resume the questioning, Mr. Bell has some comments to make in respect to some of the IDEA Corporation information.

Mr. Bell: I should announce for members of the public, including members of the press, that the committee had decided that those documents it has currently received, and which have been included in the committee's brief of documents--including additional documents which it included during its in camera session, having been received from the IDEA Corporation--are now part of the committee's record and as such are public documents.

I say that with the following reservation, and please take my word for it, from experience, there is a great temptation for people to read documents and to interpret or comment on documents, not only out of context, but without the explanation of the person who is going to appear to speak to the document. It is obvious my comments are directed specifically to the press. I caution the press when it receives and reads these documents, to the extent...

1645 follows.



(Mr. Bell)

~~... specifically to the press. I caution the press when it receives and reads these documents, to the extent that it is felt necessary to report on them,~~
please remember that many of the witnesses who are going to testify as to the content have yet to give the explanation required to put it in its appropriate context. If I had my way, there would be no press reporting on those documents until that occurred, but I, of course, have no control over this situation. I give that admonition.

Mr. Arnott, the clerk of the committee, received information from the IDEA Corporation this morning regarding one of the documents they had disclosed to the committee through me, yesterday. Upon further reflection, they were concerned that the contents of that particular document were sensitive in nature--dealing with the specific product and commercial activities of Wyda Systems (Canada) Inc.--and that the disclosure of same might well result in unfortunate financial and economic consequences to that company. The committee has removed that document for the moment from the material in its brief.

The document will be reviewed by a subcommittee consisting of a member from each of the parties, together with legal counsel, and a representative from IDEA to fully explain the concerns. The subcommittee will come back to the committee as a whole with a recommendation as for the nature and extent of that document's use, and specifically, whether it should be received publicly without any qualifications or exclusions, or whether evidence might be received on that document in camera.

Let me just comment there is ample precedent in this Legislature with committees that they receive evidence as for matters which it is considered generally in the specific, private, and in the general, public, interest so to do in camera. There is nothing new or startling being considered by that approach.

Mr. Chairman: We will resume the questioning with Mr. Pope.

Mr. Pope: First, Mr. Carman, thank you for volunteering to appear before the committee which we know you did. We appreciate that.

Did you, at any time, talk to Mr. or Mrs. Caplan with respect to their financial affairs generally?

Mr. Carman: I can confirm that I did not talk to Mr. Caplan at all prior to the development of this report. I briefly joined a meeting, which Mr. Caplan was at, but it was after this report was tabled. I did not talk to Mr. Caplan. I was asked to report certain facts to the meeting. I did so, and I was not present for any other part of the discussion.

Mr. Pope: Did you ever talk to Mrs. Caplan at any time in 1985 or 1986, in general terms about any financial aspects, or anything with respect to the conflict of interest guidelines?

Mr. Carman: Not that I am aware of. I do not recall having talked to Mrs. Caplan in any kind of detailed way about this matter.

Mr. Pope: Since you last came before the committee, have you received any instructions as to a change in position for yourself or for any member of the government with respect to cabinet documents and their producibility or confidentiality?


Mr. Carman: That issue, I assumed, would be communicated from the committee. I did not in any way raise it when it recessed.


Mr. Pope: Other than cabinet documents, do you have in your possession any notes or minutes or materials with respect to Mrs. Caplan, Mr. Caplan, or this specific issue before the committee?

4:50 p.m.

Mr. Carman: The only thing I have are a couple of pages which contain some advice. As you know, I jotted the advice down, and advice is...

1650 follows.




Mr. Carman: The only thing I have is a couple of pages which contain some ~~information~~ privileged and therefore, the two pages which I did retain containing advice I felt was not something I could share with the committee.

Mr. Pope: Do you, on a regular basis, keep notes of meetings?

Mr. Carman: No, I do not make a practice of doing that.

Mr. Pope: Do you have anyone present who keeps notes of meetings?

Mr. Carman: Not in this particular type of context where one is dealing with a matter on such a short turnaround time.

Mr. Pope: In your relationship with Mr. Wright on the administration of the conflict-of-interest guidelines, how often would you communicate with Mr. Wright about conflict-of-interest guidelines?

Mr. Carman: On matters relating thereto.

It is not something that happens frequently. I recall some contact with Mr. Wright late in 1985 and again there was contact on a few items occasionally in 1986, but it is fairly sporadic.

Mr. Pope: In late 1985, was the contact with respect specifically to Mr. or Mrs. Caplan?

Mr. Carman: It was with respect to complying with ensuring that all the ministers and their parliamentary assistants were getting their material in, in keeping with the December 31st deadline.

Mr. Pope: In your role as secretary of the cabinet, a lot of information is funnelled through you and presented through you and your staff to the cabinet. Do you or does anyone on your staff review orders in council or government proposals with a view to whether or not there is a potential problem with the conflict-of-interest guidelines?

Mr. Carman: I would have to answer no. Orders in council are reviewed but they are reviewed much more to ensure they are consistent with legislation, with the capacity of the cabinet to make a decision under that particular legislative instrument and that the order in council is consistent with the records that already exist within the executive council office.

Mr. Pope: Is it, therefore, your position that it is up to individual ministers to sound the alarm if there is a potential problem when orders in council are being dealt with or other matters are brought to the attention of cabinet?

Mr. Carman: Clearly the responsibility rests with the minister or the parliamentary assistant to flag that particular problem with the cabinet or the executive council, to talk to Blenus Wright or send in a new submission through me to the Clerk.

Mr. Pope: Do you keep copies of the declarations filed with Mr. Wright in your office?

Mr. Carman: They are kept in the cabinet office. They are not in my office. They are kept in the executive council office.

Mr. Pope: Is it normal that reference be had to them at any time during a cabinet meeting?

Mr. Carman: No, I do not think that would describe the situation at all.

Mr. Pope: Who specifically retained Mary Eberts?

Mr. Carman: I do not know.

Mr. Pope: You do not know?

Mr. Carman: No.

Mr. Philip: Can we turn up the volume?

Interjection: Turn off the air conditioner.

Mr. Philip: If we do, we will roast.

Mr. Pope: I will speak louder.

Do you receive minutes from the Innovation Development for Employment Advancement Corp. board of directors?

Mr. Carman: No, I do not.

Mr. Pope: Are you aware of anyone in government who receives minutes from the IDEA Corp. board of directors?

Mr. Carman: It is possible that someone in the Ministry of Industry, Trade and Technology receives minutes. I am not aware of that fact though.

Mr. Pope: Is there an order in council issued by the government that establishes the reporting relationship from IDEA Corp. to the Minister of Industry, Trade and Technology (Mr. O'Neil), because under the statute it...

L-1655-1 follows



(Mr. Pope)

6
is there an order in council issued by the government that establishes reporting relationship from IDEA Corporation to the Minister of Trade and Technology? It appears to be a direct reporting relationship with the treasurer.

Mr. Carman: I am not aware of that order in council, but I will certainly have that reported to the committee.

Mr. Pope: Have you ever seen an annual report of the IDEA Corporation?

Mr. Carman: They come across my desk, but in a normal day six or eight inches of other material comes across my desk as well.

Mr. Pope: Have you ever seen anything other than an annual report from IDEA Corporation, because they do have the right, under law, to file additional reports from time to time?

Mr. Carman: No, formal reports do not come to my office as far as I am aware.

Mr. Pope: Do you ever receive any informal reports or communication from IDEA Corporation?

Mr. Carman: The only reporting that came from IDEA Corporation in recent months was under the auspices of the work of John Kruger, the Special Advisor to the Premier. He brought in certain proposals to the cabinet committees and to cabinet itself, relative to the IDEA Corporation. I am not sure that they would be described as a report of the corporation, but certainly they deal with it.

Mr. Pope: Some sort of communication.

Mr. Carman: Yes.

Mr. Pope: I think Mr. Philip made his point.

Does cabinet receive the annual reports of IDEA Corporation? Is that why it comes across your desk?

Mr. Carman: No. As far as I know the copies that would be sent to me, if indeed I do get them, would be courtesy copies. Most of those corporations, as you know Mr. Pope, do widely distribute the annual reports just to ensure that everybody knows what is going on, or has a chance to know what is going on.

Mr. Pope: Is this then a change in the process, because my recollection is that a wide range of annual reports were provided to cabinet for information only, and then the minister responsible produced them in the Legislature?

Mr. Carman: I am sorry, I have lost the train of your question in terms of the change of procedure.

Mr. Pope: Well, you are saying that the annual reports of the IDEA Corporation were never submitted to cabinet.

Mr. Carman: I see what you mean.

In terms of the fact that the minister might table the report in cabinet, that could well have happened. I am sorry if I misinterpreted that question. However, with the volume of the business of cabinet, that is usually a pro forma kind of process and the members of cabinet do not discuss at length, or as you are aware Mr. Pope, those kinds of annual reports.

Mr. Pope: It is a paper tabling--

Mr. Carman: It is a paper tabling exercise, that is quite correct.

Mr. Pope: Then the minister would introduce it to, or table it with, the Legislature--

Mr. Carman: With the Legislature at the next sitting--

Mr. Pope: Or whatever his responsibility is?

Mr. Carman: Correct.

Mr. Pope: Have you ever seen any information from the IDEA Corporation with respect to Wyda Systems (Canada) Inc. or Mr. and Mrs. Caplan?

Mr. Carman: During the preparation of the report which we discussed this morning, certain information relative to Wyda was certainly discussed at that meeting. I could not describe that as an exhaustive examination of the files, relative to the nature of the Wyda proposal or why the corporation was prepared to support the request for a grant. It would not be of that nature, but I would have to say certainly some information on Wyda was brought to my attention in the course of preparing that statement.

Mr. Pope: Was that information in the form of documents or notes?

Mr. Carman: No, it was verbal.

Mr. Pope: Have you ever received documents, notes, or information in written form in respect to IDEA Corporation, the Wyda grant, or Mr. and Mrs. Caplan, that are no longer in your possession?

Mr. Carman: The only thing that I have in my possession, relative to the IDEA Corporation, is a status report which is marked "confidential," on everything but Wyda. It happened to be a report, but Wyda was not one of the ones that happened to be in that report.

5:00 p.m.

1700 follows.



Mr. Pope: Is there any other document that you ever had in your possession, that you do not now have, that comes from the IDEA Corporation with respect to Wyda Systems (Canada) Inc., or Mr. and Mrs. Caplan?

Mr. Carman: Not that I can recall.

Mr. Pope: You indicated this morning that Mr. MacKinnon, of the Ontario Development Corporation, has all the files on this matter.

Mr. Carman: Or, he certainly has access to the files on this matter because of the fact that the IDEA Corporation is in the process of being brought under the direction of the Ontario Development Corporation.

Mr. Pope: When did he first gain access to the documents?

Mr. Carman: I would have to check and get back to the committee and give you an answer on that.

Mr. Pope: Okay. Before he did have access to the documents,--who had control of, and access to, the documents?

Mr. Carman: The board of directors and the president of IDEA Corporation.

Mr. Pope: Did the Ministry of Industry, Trade and Technology and the treasurer ever have documents, or access to documents, from the IDEA Corporation?

Mr. Carman: I do not know.

Mr. Pope: Did Mr. Webster, of Mrs. Caplan's staff, ever meet with you on this matter, save and except for the meetings that you have held on June 10, to prepare for the Premier's statement of June 11?

Mr. Carman: He met with us both June 10 and 11, as I recall.

Mr. Pope: Did he have any meeting with you prior to that date?

Mr. Carman: Not that I can remember.

Mr. Pope: Did he have any meeting with you after that date?

Mr. Carman: I do not think so.

Mr. Pope: At the meeting on June 10--by the way, do you have various drafts of the Premier's statement in your possession?

Mr. Carman: No. As I indicated to counsel, I think the only draft that existed was one that Mr. MacKinnon had, and we ended up only with that final draft, in Cabinet Office.

Mr. Pope: You are aware of the existence of previous drafts?

Mr. Carman: Oh, yes.

Mr. Pope: Was there more than one previous draft?

Mr. Carman: It was one of those situations where Mr. MacKinnon arrived at 12:30, and a group sat down around a table. There was a large number of people writing a lot of material--Mr. MacKinnon was one of them--there were others involved as well. The result was that people were rushing off with a page at a time to the typist to get something typed up in time for the statement. There really is not another draft that one can identify other than the one he brought to that meeting at around 12:30.

Mr. Pope: Did everyone leave that meeting and take their own notes with them?

Mr. Carman: I can only assume that they did. There certainly was not any compilation of notes following the meeting.

Mr. Pope: You do not have in your possession any notes--did you take any notes during the meeting?

Mr. Carman: No. I was more concerned about ensuring that the statement was as factual as possible, and got done within the time deadline.

Mr. Pope: Did you, during the course of that meeting, see any drafts of Mrs. Caplan's statement?

Mr. Carman: No. No, I did not.

Mr. Pope: Did you, before the Premier made his statement on June 11, see Mrs. Caplan's statement?

Mr. Carman: No.

Mr. Pope: Is that normal--that you would not receive cabinet ministers' statements before they were made in the House?

Mr. Carman: The practice with the current government is that the prime flow of statements is through the Premier's office. As a consequence, the more normal practice is that staff in the Premier's office would see ministers' statements, rather than myself.

Mr. Pope: Who, in the Premier's office, from your knowledge, would normally vet ministers' statements before they are made?

Mr. Carman: It is done through the office of Mr. Hershell Ezrin--either he personally or the staff that work for him.

Mr. Pope: Could I get back to Mary Eberts, if I could?

Mr. Carman: Sure.

Mr. Pope: Were you involved in discussion with Mary Eberts about her duties?


Mr. Carman: No, I was not.

Mr. Pope: Do you know who was?

Mr. Carman: As I said this morning, I think that Mr. Hershell Ezrin may have been involved. Certainly it was from the Premier's office that the contact was made with Miss Eberts.

Mr. Pope: Were you ever aware of interviews that Mary Eberts was conducting...

1705 follows.



~~it was from the Premier's office that contact was made with Mr. Elton~~

Mr. Pope: ~~Were you ever aware of interviews that Mr. Elton had~~
conducting with all members of cabinet with respect to their financial affairs?

Mr. Carman: It is one of those difficult things where someone may have mentioned it in passing, and I might have been aware of it, but it certainly did not register because when it was mentioned earlier today, I did not recall that as something I was part of.

Mr. Chairman: Mr. Pope, you have got about two minutes left if you are leading in a specific direction.

Mr. Pope: You have Mr. Wright's opinion given to you on this specific matter? Was that in writing?

Mr. Carman: No. It was verbal.

Mr. Pope: Did you follow his opinion to the letter in the final statements that were made?

Mr. Carman: Yes. As a matter of fact, the paragraph, as is found in the statement, was read. Mr. Wright confirmed that was his position, and that was confirmed as we sat there writing the draft.

Mr. Pope: Did you ever review the filings in the cabinet office or update the filings in your capacity as secretary to the cabinet?

Mr. Carman: No, I did not.

Mr. Pope: That was not part of your function?

Mr. Carman: It was not part of my function. My function is to be sure that those filings get on to the Clerk of the House and that we keep one copy.

Mr. Pope: Are you aware of any documents ever having been destroyed or removed with respect to this matter?

Mr. Carman: There is always material that is left over from one of these exercises. That is destroyed, and it is put in the wastepaper basket, so I cannot say I was not aware that something was destroyed.

Mr. Pope: Do you have knowledge of any specific information that was destroyed or removed?

Mr. Carman: There were certain letters that were shared on the basis that they were for the information of pulling the document together only, and it was requested they be returned or destroyed.

Mr. Pope: Who were those letters from?

Mr. Carman: The one letter was a letter exchanged between Mr. Caplan and Wyda.

Mr. Pope: Do you recall any other letters?

Mr. Carman: No.

Mr. Pope: Do you recall any other memos?

Mr. Carman: No.

Mr. Pope: That is the only specific document you can recall?

Mr. Carman: Yes, that is right.

Mr. Pope: Either destroyed or removed?

Mr. Carman: Or returned.

Mr. Pope: Or returned.

Mr. Carman: Yes.

Mr. Chairman: Thank you, Mr. Pope.

The next questioner is Mr. Epp.

Mr. Epp: Mr. Chairman, I will pass.

Mr. Chairman: Mr. Polsinelli.

Mr. Polsinelli: I will also pass, Mr. Chairman.

Mr. Philip: I just have a couple of questions that I hope you will be able to assist us with. You testified earlier in answer to questions I asked that you were not the person who saw the final draft or put the final touches on it and handed it to the Premier. Your testimony has been consistent in your answers to Mr. Pope's questions.

From your knowledge, is it safe to say that John Kruger would have had that last touch of putting that document into the Premier's hands?

Mr. Carman: Mr. Kruger was not involved.

Mr. Philip: What was Mr. Kruger's involvement in the preparation of the response?

Mr. Carman: As I recall, Mr. Kruger was at the initial meeting on June 10. I do not recall his being an integral part of the final exercise from 12:30 to 2:30 p.m. on Wednesday, June 11. That is a recollection I have at the moment. I will be happy to confirm that if Mr. Philip would like me to double check with the people who were at that meeting to see if my recollection is correct.


Mr. Philip: To the best of your knowledge, would you have recalled that during this time in which you were instructed to prepare a response that John Kruger would have contacted either of the Caplans directly or indirectly on this matter?

Mr. Carnan: If he did so, I was certainly not aware that he had done so.

5:10 p.m.

Mr. Philip: In the winding down of the IDEA Corp., who would have been the contact person with..

1710 follows



Mr. Philip: ~~In the winding down of the IDEA Corp., who would have been the contact person with Howard Blakley?~~

Mr. Carman: That would have been Mr. Kruger.

Mr. Philip: So it would have been Mr. Kruger who advised the chairman of the IDEA Corp.: "I am sorry, guys, the game is over. We are going to have to close down, and you will consider only the applications that were in prior to the wind-down date of June 30." Is that correct?

Mr. Carman: I am not sure that I follow the first part of the question. I wonder if you can give it to me again. As I understand it, you asked if Mr. Kruger gave instructions to the IDEA Corp. as to what it was they could or could not do during the wind-down period. Is that the question?

Mr. Philip: The first question was who brought the instructions to the IDEA Corp.--the bad news, if you want to call it that, or the news--that it was going to wind down?

Mr. Carman: That it was going to be absorbed within the Ministry of Industry, Trade and Technology?

Mr. Philip: Yes.

Mr. Carman: I would assume Mr. Kruger might have done that, or as a result of a cabinet decision, it could well have flowed from the ministry to Mr. Macdonald. As to who actually conveyed that news, it could have down either channel quite appropriately.

Mr. Philip: But the logical channel would have been through Mr. Kruger, would it?

Mr. Carman: Yes. He was very deeply involved.

Mr. Philip: So Kruger was at least on the original committee that was to prepare a response. Kruger was one of the lines of communication between the IDEA Corp. and the Premier's office?

Mr. Carman: That is correct.

Mr. Philip: We are still not an awful lot closer to who finally reviewed that document before the Premier read it in the house and who should have asked the question of whether the Caplans were contacted and whether all the information that was needed in order to make that statement was there.

Mr. Carman: I believe I indicated in my testimony this morning that as the chairperson of this exercise, I counted on two people to provide information relative to the Caplans. One was the executive assistant to Ms. Caplan, Mr. John Webster, and the other was the Assistant Deputy Attorney General, Mr. Blenus Wright. When you are putting a report together on fairly short notice, you count on certain people to bring relevant information to the committee. Both of those people brought relevant information to the committee that permitted us to come to the conclusions that were reflected in the statement.

(Mr. Carman)

I assumed the information that we had been given, the letter from Wyda to Mr. Caplan, the information and advice I had from the deputy attorney, was full and complete. I was assured that yes, this did describe the situation. In that position, one makes the assumption that one has been provided with the information one needs to complete the statement.


Mr. Philip: In summary then, your conclusion was that the paper would have to be complete for two reasons: one, because John Webster, the executive assistant to the minister, was involved in providing all the relevant data and information; and two, that Blenus Wright was the one advising on whether the guidelines were being fulfilled?

Mr. Carman: That is correct.

Mr. Philip: So the buck really stops with two people, in your opinion, John Webster and Blenus Wright, and it would not be necessary for you to ask whether either or them had been in direct contact with the Caplans; the assumption on your part is that Webster would have at least been the one in direct contact with the Caplans?

Mr. Carman: That is continually during this period. I made that assumption. As Ms. Caplans's executive assistant, it was his responsibility to ensure that...

1715 follows



~~...part is that Webster would have at least been the one in direct contact with the Captain.~~

Mr. Carman: ~~Continually during this period I made that assumption for~~
~~as a back executive assistant, it was his responsibility to ensure that~~
the information was relevant and accurate.

Mr. Philip: And complete.

Mr. Carman: Yes.

Mr. Ward: Very briefly, the statement was prepared on Wednesday, June 11?

Mr. Carman: Wednesday, June 11.

Mr. Ward: That is the day it was read in the Legislature.

Mr. Carman: That is right.

Mr. Ward: You had given direction to the team involved to gather the information. You met together, I assume, on Wednesday morning, heard the information and quickly prepared a statement. About what time was that process complete? When did you have what you were going to go with in a statement?

Mr. Carman: In my recollection, it was very close to 2:35 p.m. The members will recall that Bernard Newman was recognized in the House. There were lengthy speeches on that and the statements of the ministry were also fairly lengthy, and this statement was coming out of a typewriter in bits and pieces during the period leading up to seconds before the Premier (Mr. Peterson) gave it.

Mr. Ward: I guess the bottom line is that the statement was coming out of the typewriter about the time that under normal circumstances the House allocation for reading statements would have been expiring.

Mr. Carman: That is quite correct.

Mr. Pope: Very briefly, do you keep a daily record of your meetings and what the meetings are about?

Mr. Carman: Yes, I do for the most part, though every once in a while the daily record changes as a result of unforeseen events. I was chatting with my secretary, just before coming down here, about an unforeseen event, which had taken place in May, that I could not recall and that she could not recall either. It is not a flawless record of what has happened in passing.

Mr. Pope: Can you and your staff review your daily record and advise us of the dates of any meetings held, and with whom, with respect to this matter?

Mr. Carman: Absolutely. Certainly, we can.

Mr. Pope: Second, are you responsible for the administration of the

Manual of Administration?

Mr. Carman: No, I am not.

Mr. Pope: Who is?

Mr. Carman: The Chairman of Management Board, assisted by the Secretary of Management Board, is responsible for the administration of the Manual of Administration. On the personnel side are the chairman of the Civil Service Commission and the deputy minister, human resources secretariat.

Mr. Pope: Do you as secretary of the cabinet ever communicate to the Premier or to the cabinet with respect to whether the provisions of the Manual of Administration are being complied with?

Mr. Carman: Yes. I receive regular reports from John Sloan, the Secretary of Management Board. When I say regular, I mean about quarterly. To the extent that those reports raise concerns about the compliance with the Manual of Administration, I bring those to the attention of the appropriate people. That frequently becomes the subject of an item in a meeting between the Premier and the deputy ministers.

Mr. Pope: Was there ever a report made with respect to whether the Manual of Administration had been violated with respect to any aspects of the matter before this committee?

Mr. Carman: No.

Mr. Pope: Are you aware of any opinion expressed by Mr. Sloan about whether there had been a violation of the Manual of Administration?

Mr. Carman: No, I am not.

Mr. Gillies: I will also be very brief. You indicated that it would have been Mr. Kruger who indicated to the Innovation Development for Employment Advancement Corp. that it was being wound down. Can you give us an approximation of when he would have taken that message to them?

Mr. Carman: I think it was probably in late April. The trouble is more than one corporation has come before cabinet in terms of wind-down. I did look up one that was on April 25 the other day, but let me check that date out and get back to the committee.

Mr. Gillies: All right. In fact, the news release from the Ministry of Industry, Trade and Technology indicating the windup is dated February 19, 1986.

Mr. Carman: Perhaps I am thinking of the Ontario Energy Corp. in terms of April.

5:20 p.m.

Mr. Gillies: I want to review this with you. In the Premier's statement--

P-1720 follows

~~Mr. Carman: Maybe I am thinking of the Ontario Energy Corp. with respect to April.~~

Mr. Gillies: I want to review this with you. In the statement by the Premier (Mr. Carman) refuting some of the points I made in the House on June 10, the statement said "Of the \$27 million, 16 investments totalling \$10.4 million were made after the announcement on February 19 that the corporation would be wound down." Would you not agree with me, Mr. Carman, that the first indication the government gave that the Innovation Development for Employment Advancement Corp. was going to be wound down was in the budget of the Treasurer (Mr. Nixon) in October last year?

Mr. Carman: That is quite correct.

Mr. Gillies: It may be an omission, but I wonder why it would not have been thought appropos to put into the statement the proportion of expenditures that were made after October, after the first indication that, to quote Mr. Nixon, "IDEA was thought to be an inappropriate vehicle to deliver these services to the public." Was there any discussion about whether the breakdown should have been either side of October as opposed to either side of February?

Mr. Carman: The statement in Mr. Nixon's budget was viewed as a statement of intent but one that should be subjected to careful analysis and review. It was not until the decision was actually taken that the wind-down was a certainty. There was an option of retaining the company that was seriously explored and it was not until the cabinet finally made a decision on this matter, that the decision of wind-down was actually taken.

Mr. Gillies: I accept that but at the same time would you agree with me that from October of 1985 on, IDEA was continuing to operate with at least an indication from the government that its operation was going to be terminated?

Mr. Carman: Or that its operation was under very serious scrutiny, with termination as a possibility.

Mr. Chairman: Mr. Philip, did you indicate you had an additional question?

Mr. Philip: No.

Mr. Chairman: I have one quick question. You mentioned earlier that IDEA recommendations do not go to cabinet. Perhaps this is inappropriate, I do not know. I am sure you will tell me if it is. Are you saying that proposals or recommendations from IDEA have never been discussed at cabinet at any time in the past, to your recollection?

Mr. Carman: I cannot recall one having been discussed at cabinet. The reason they do not go to cabinet is because of the nature of the Schedule II corporation. It has been the practice of the government to divide its corporations into a variety of schedules and certain of the corporations make decision independent of any reference to the cabinet committees and cabinet for any kind of confirmation.

(Mr. Carman)

As you know, the Schedule I corporations are routinely referred to cabinet for confirmation and there is an opportunity there for discussion and for approval or denial, but in the case of the Schedule II corporations, they do not even go on the agenda. The chance of the thing ever being brought up is not that great.

It is possible that at some cabinet meeting something about IDEA might have been discussed, but it would be very rare for that to come up because the cabinet ministers do not, under normal circumstances, have any knowledge or information about what IDEA is considering.

Mr. Chairman: Did you indicate earlier that IDEA has always been a Schedule II corporation?

Mr. Carman: Yes, from its inception, it was viewed as an arm's-length commercial corporation.

Mr. Chairman: In the past six months, has any cabinet minister absented himself or herself from cabinet discussions because of a possible conflict or perceived conflict?

Mr. Carman: I do not think it is appropriate for me to respond to that question, because I am being asked to comment on what actually happens within a cabinet meeting.

Mr. Chairman: Okay. I will ask Mr. Bell to wind up the questioning.

Mr. Bell: Back to the line of questioning this morning, you have clarified with reference to Elinor Caplan's statement what information you had as for the retainer, prior...

P-1725-1 follows



Mr. Bell:

~~no line of questioning this morning, you have~~
~~clarified with reference to Elmer Caplan's statement, which~~
~~was returned prior to the statement of the Premier (Mr. Peterson).~~

Mr. Carman: On that point, the Wyda letter is really all we had.

Mr. Bell: All right. That is another area of questioning. Can we pin that down?

Mr. Carman: Could counsel get me a book?

Mr. Bell: Could the clerk give Mr. Carman a copy of the exhibit brief. Would you turn to sub tab I. I do not know whether your copy has been numbered but will you look to page 5.

I am sorry. I better be more precise. Will you turn to a letter dated January 31, 1986 from Wyda Systems to Mr. Caplan.

Mr. Carman: That is the letter that was available.

Mr. Bell: Who made that letter available.

Mr. Carman: Mr. John Webster.

Mr. Bell: Did he make any other documents available to you that were subsequently returned and/or destroyed?

Mr. Carman: Not that I recall. This is the only one.

Mr. Bell: Without rehashing what you knew before and after the Premier's statement--that is on the record--for the record I ask you to further clarify answers you gave to me before.

Mr. Carman: Certainly.

Mr. Bell: At some point after the Premier's statement, you and the team or some members of the team became aware of the change of the remuneration. You are nodding yes for Hansard. Mr. Wright was one of those persons who was made aware of that?

Mr. Carman: We all read it in the Toronto Sun.

Mr. Bell: All right. Do you believe or did Mr. Wright confirm to you that was the first time he had been made aware of that fact?

Mr. Carman: I cannot remember.

Mr. Bell: That notwithstanding, do I understand Mr. Wright, with the additional information, reconfirmed his opinion?

Mr. Carman: That is correct.

Mr. Bell: As expressed in the Premier's statement at the page we have previously look at?

Mr. Carman: That is quite correct.

Mr. Bell: I am sorry. This may be a product of fatigue and not fully listening to some of Mr. Pope's questions and no reflection. You mentioned to him you have two pages of notes which you did not share with me and the committee. You felt it was advice and as such confidential; advice to whom?

Mr. Carman: It was advice to the Premier.

Mr. Bell: I take it you object to the production of that on some confidentiality ground.

Mr. Carman: I believe the relationship between senior public servants and their political masters has been fairly well documented.

Mr. Bell: Okay. Regarding the June 10 and June 11 sessions with the investigative team, do I understand that the source of the information as for the terms of the retainer came to the team exclusively through Mr. Webster?

Mr. Carman: That is correct.

Mr. Bell: Do you know if Mr. Webster knew of the increase in the remuneration during those meetings?

Mr. Carman: No, I do not have any information on that.

Mr. Bell: Subsequent to the Premier's statement, subsequent to the information as for the remuneration, what was your involvement with this matter?

Mr. Carman: On the Friday, which I believe was the day the Sun article came out, I had conversations again with Blenus Wright and with the Deputy Attorney General relative to their view on the implications of this new information relative to the matter at hand.

Mr. Bell: What will you tell us about those discussions?

Mr. Carman: I have told you that Mr. Wright's opinion was that it did not materially change his assessment.

Mr. Pope: Do you mean the Acting Deputy Attorney General?

Mr. Carman: I am sorry, yes.

5:30 p.m.

~~Mr. Bell: were you involved in...~~
P-1730-1 follows

~~Mr. Pope: Do you mean the Acting Deputy Attorney General?~~

~~Mr. Carman: Yes, I am sorry.~~

Mr. Bell: Were you involved in any other way?

Mr. Carman: I met with the Premier (Mr. Peterson). As I indicated in answer to the questions that Mr. Pope asked, I joined the Premier, Mrs. Caplan and Mr. Caplan for a short time during which I gave some information and then left the meeting.

Mr. Bell: Is this the meeting that Mrs. Caplan refers to in her statement?

Mr. Carman: I am sorry. I am not sure I understand what meeting she refers to in her statement.

Mr. Gillies: Was the Friday afternoon meeting not in the Premier's office with Mr. and Mrs. Caplan, the one that was--

Mr. Carman: That is correct. Yes.

Mr. Bell: In her statement--and again, this is at tab H. The pages are not numbered.

Mr. Carman: Tab H?

Mr. Bell: Tab F. It is the seventh page, the second paragraph, and actually the last three lines of that paragraph. Do you see that?

Mr. Carman: Yes. Are you referring to--

Mr. Bell: Where she says, "Despite a strong professional obligation to his client, the Premier has recommended to my husband that he completely sever his relationship with Wyda."

Mr. Carman: Yes.

Mr. Bell: Were you present at that meeting where that--

Mr. Carman: I am assuming that was the meeting at which I was present, but I was not there when this recommendation was made.

Mr. Bell: Are you aware of any other meetings between Mrs. Caplan and/or Mr. Caplan and the Premier between the time of the Premier's statement in the House and Mrs. Caplan's statement here?

Mr. Carman: This statement was made on Monday.

Mr. Bell: Yes.

Mr. Carman: If there was a meeting on Monday, I do not recall it. The only meeting I know for certain happened was the one on the Friday.

Mr. Bell: You were not at all of the meetings.

Mr. Carman: No, I was not.

Mr. Bell: who else was in attendance at that meeting, other than the Caplans, the Premier and yourself?

Mr. Carman: It is possible the Attorney General (Mr. Scott) was there, although I cannot recall for certain that he was there, and I believe Mr. Hershell Ezrin was at that meeting.

Mr. Bell: Was Mrs. Eberts there?

Mr. Carman: Not that I recall, but I cannot remember. I really was in for a very brief time. Twice I can recall being in. I was called out for some reason, I came back in to provide the information and then I left again. So I was there in total for perhaps no more than three or four minutes, or something like that.

Mr. Bell: Are you able to tell us what was discussed during the period you were in attendance?

Mr. Carman: As I recall, during the period I was there, I was asked for my report, and I gave it.

Mr. Bell: What report is that?

Mr. Carman: I was asked to convey what I had learned from Mr. Blenus Wright, the Acting Deputy Attorney General and any other information that seemed to be relevant, and then I left.

Mr. Bell: Did anybody comment on your report after you gave it? If so, what was said?

Mr. Carman: As I recall, there was agreement with the comment of Blenus Wright that he did not feel this had materially changed his advice.

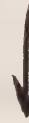
Mr. Bell: Were you aware of Mrs. Caplan's intention to resign before she announced it in the House?

Mr. Carman: No, I do not believe I was.

Mr. Bell: Do you know if anybody else, other than herself, was aware?

Mr. Carman: That is pretty hard to answer. If I do not know--

[P-1735 follows]



(Mr. Bell)

~~intention to resign before she announced it in the House?~~

~~Mr. Carman: No, I do not believe I was~~

~~Mr. Bell: Do you know if anybody else, other than herself, was aware?~~

Mr. Carman: That is pretty hard to answer. If I do not know that she is resigning, how would I know if somebody else knew?

Mr. Bell: That is fair.

Those are my questions.

Mr. Chairman: I am going to propose a slight deviation from our ground rules if the members of the committee will agree. Mr. Wildman was tied up in a debate in the House and has one question he wants to pose to Mr. Carman, if committee members are in agreement with that.

Mr. Wildman: I appreciate the indulgence of the committee and I apologize for not being here earlier, but I was in a debate on the floor of the Legislature.

You may have clarified this earlier, but this morning during your testimony, Mr. Carman, you indicated that at one point no civil servants had contact with the Caplans, that is, during the period of June 10, 11, when ??they were doing their investigation, and the Premier's political staff had contact, as you understood it, with the Caplans. Unless Blenus Wright had, and if he did, you were not sure of.

At later in your testimony, as I recall you indicated that Mr. Wright had ongoing contact with the Caplans. That is my understanding of what you said at two different times during your testimony. Can you clarify that?

Mr. Carman: The word "ongoing" is perhaps a misleading one, because I knew that at points in time he had had contact and therefore it was possible that at that time, he also might have had a contact. That was the sense in which I used the word and I apologize to the committee for perhaps misleading them.

Mr. Wildman: So you mean ongoing was previously as well.

Mr. Carman: Previously as well. Yes.

Mr. Chairman: That concludes the questioning of Mr. Carman for today in any event. We appreciate your appearing before the committee, Mr. Carman.

Mr. Carman: Thank you. I will get back on those points that have been raised if you need any additional information.

I would ask our next witness if he would please come forward. Mr. Wright, you are sworn in.

Mr. Wright sworn.

Mr. Bell: Mr. Wright, will you state your position for the record, please?

Mr. Wright: I am the Assistant Deputy Attorney General, civil law division.

Mr. Bell: How long have you held that position?

Mr. Wright: I have been in the government for 18 years in a number of positions, and I am not sure how long I have been. Some days I know that it has been too long.

Mr. Bell: I will not ask you if this is one of them.

As I understand it, historically you have had some ongoing involvement in the matter of the cabinet conflict-of-interest guidelines and ministers' compliance therewith. Is that correct?

Mr. Wright: That is correct.

Mr. Bell: Can you assist the committee and indicate how far back your involvement goes?

Mr. Wright: It is 14 years since the 1972 Premier Davis guidelines. At that stage, I was involved. I cannot tell the committee what precipitated those particular guidelines at that time. I believe it was around the time that we were also dealing with the Municipal Conflict of Interest Act and the two sort of coupled together. At the time that the guidelines came in, my task was to contact the ministers and parliamentary assistants, advise them by letter of the guidelines, and assist them in any way that I could with advice, etc., get their disclosures in, file those disclosures and then update them, make any amendments from time to time, as new disclosures came about.

5:40 p.m.

Mr. Bell: Did you perform that role through the period relevant to this inquiry, and specifically as for the Caplans?

Mr. Wright: Yes.

P-1740 follows

~~Mr. Bell: Did you perform that role through the period relevant to this inquiry and specifically as for the Caplans?~~

Mr. Bell: Did you ever consider throughout the period, and again specifically with respect to the Caplans, that you were giving advice as their solicitor?

Mr. Wright: No, I always considered myself as being a law officer of the crown. The crown is my client. I do not have any clients who are individuals. I attempt on behalf of the government to assist ministers and parliamentary assistants in any way that I can, in the former government and in this government, with respect to their conflict of interest problems.

Mr. Bell: All right. Do you consider that any solicitor-client privilege ever existed between you and the Caplans?

Mr. Wright: I do not.

Mr. Bell: I understand that you are testifying today without any restrictions, real or apparent, on the nature and type of disclosures that you may make.

Mr. Wright: That is my understanding.

Mr. Bell: Did you have any role in the drafting of the initial--and I will call them for record purposes hereafter--Davis guidelines?

Mr. Wright: I cannot really recall who was the draftsman. I am sure I had some input into them, but I cannot specifically say what that input was.

Mr. Bell: All right.

Mr. Bell: I understand that from 1972, the date of the Davis guidelines, to July 1985--it may not be an appropriate month--in any event prior to the September, 1985 guidelines there had not been any amendments made.

Mr. Wright: According to my knowledge, there were no amendments made.

Mr. Bell: All right. We will see when we examine the guidelines, the September, 1985 guidelines contain two amendments.

Mr. Wright: That is correct.

Mr. Bell: All right. What was your involvement in respect to the preparation of the 1985 guidelines and, in particular, the two amendments?

Mr. Wright: Mary Eberts was the draftsman, basically taking the 1972 guidelines as a base. I had discussions with her from time to time and basically received the drafts and commented on those. There were very minor comments as to rearranging and changing. The guidelines, with the exception of the two amendments, are basically the same as the 1972 guidelines.

Mr. Bell: Was there any consideration given at that time, of which you are aware, to a more extensive amendment?

Mr. Wright: Not to my knowledge.

Mr. Bell: If the clerk would place before you a copy of the exhibit brief or if you had a copy of the September 1985 guidelines--

Mr. Wright: I do.

Mr. Bell: Members, if you would turn to tab C, I am going to spend some time with Mr. Wright on this.


First of all, will you just highlight for the committee members where the two amendments are located?

Mr. Wright: On the first page in the last full paragraph, where it indicates, "No private company in which a minister or his or her family have an interest may become contractually involved." The amendment is that the private company interest could now be placed in a blind trust. Previously blind trusts were limited to public corporation shares; they are now extended to private company shares as well.

Mr. Bell: Yes.

Mr. Wright: The second amendment is at the top of page 2, the first paragraph, where there is an exemption or a departure from the question of contracts or agreement where the minister or parliamentary assistant would receive a benefit which...

P-1745-1 follows.



(Mr. Wright)

departure from the question of contracts or agreement where the minister or parliamentary assistant would receive a benefit, anyone else would receive in a similar situation and therefore that was not deemed to be a conflict.

Mr. Bell: Do I understand that all of that first paragraph on page 2 was added by the September 1985 amendments?

Mr. Wright: Yes. It is my understanding.

Mr. Bell: Under the Davis guidelines and there are some issues I would like you to comment on. I guess the last paragraph on the first page where it says: "No private company in which a minister or his or her family have an interest." Would you advise the committee what your interpretation is of the phrase, "an interest?"

Mr. Wright: My interpretation is the interest means a proprietary interest. Otherwise there would be no sense of having a blind trust because basically you have proprietary interest which you place in a blind trust.

Mr. Bell: Is that the interpretation that you have given that phrase throughout the period you have advised ministers of the crown?

Mr. Wright: To my knowledge it is. Over the 14 years I would not be surprised that you might find a conflicting opinion somewhere.

Mr. Bell: Is that the interpretation that you gave to this phrase when you advised the cabinets?

Mr. Wright: Yes.

Mr. Bell: That sentence goes on to say, "May become contractually involved." Can you advise the committee what you interpret the phrase, "contractually involved" to mean?

Mr. Wright: I interpret that phrase to mean perhaps no more, no less than section 10 of the Legislative Assembly Act.

Mr. Bell: Members of the committee, you might want to stick your finger in the guidelines and turn to tab K. I have included the Legislative Assembly Act for you. I think it is important that you get full understanding of what Mr. Wright means by reference to that section.

Mr. Wright: This is the general section which applies to all members of the Legislature. When it talks about any contract or agreement, it says, "with respect to the public service of Ontario or under which any public money of Ontario is to be paid for any service, work, matter or thing." In other words, to have a contract or a agreement, to basically have two parties who say, "I will provide this, if you provide that." It is a reciprocal agreement. Whereas, in situations of grants and loans, which are available in various government programs, and a lot of these are available either to individuals or classes of individuals in similar circumstances.

What I am saying here is except the fact that I do not consider myself to be the last word on this, there are always differences of opinion and I am simply giving my opinion. I do not consider a loan to be a contract or an agreement. If the government is giving a company to promote a business

June 25, 1986

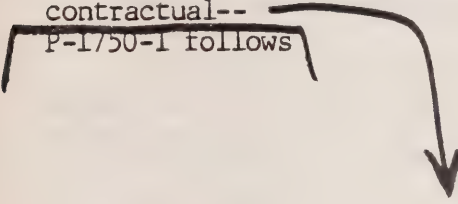
Mr. Wright

endeavour a grant so it will help unemployment etc. it usually is not something that says, one has to give back the government some service. It is not like building a building. "We will pay you \$1 million if you build us this building."

5:50 p.m.

Mr. Bell: Without getting into specifics for a moment. Your interpretation of the phrase, "service, work, matter or thing" in a contractual--

P-1750-1 follows



(Mr. Bell)

~~Without getting into specifics for a moment, you interpreted the phrase "service, work, matter or thing" in a contextual context to have a scope.~~

Mr. Wright: Yes.

Mr. Bell: You further have given us one example that there are other scopes of agreement that may exist between an individual and, in this case, a minister of the crown or family as defined, and the government. Is that correct?

Mr. Wright: Yes.

Mr. Bell: You have given us "loan" as the example for "indefinite" as an example. Is that correct?

Mr. Wright: Yes.

Mr. Bell: Your interpretation of the exclusionary provision of this last paragraph is that some of those agreements in that other scope are not caught by the guidelines.

Mr. Wright: I think that the second amendment covers that. It is the top of page 2.

Mr. Bell: Let us stick to page 1 for the moment. I want you to confirm or to answer that proposition that I put to you that there are some agreements that are not covered by them.

Mr. Wright: Yes.

Mr. Bell: Okay. We talked about "loan", we talked about an investment, so let us get precise. You and I can agree that whatever occurred between the Wyda Corp. and the Innovation Development for Employment Advancement Corp. was by agreement. Can you agree to that?

Mr. Wright: I am not sure that it was by agreement. It was an application, as I understand it, for a grant for particular business. I do not know that Wyda agreed to provide any service to the government for the receipt of that particular grant.

Mr. Bell: Except for the shares that were passed. Can we go into the hypothetical for a moment? If we assume that whatever occurred between Wyda and IDEA was an agreement, in the hypothetical, your interpretation of this paragraph is that it is not covered, it is not caught by that paragraph.

Mr. Wright: It is not caught by that paragraph if there is no real contract that exchanges services between the parties.

Mr. Bell: Or any of the other three things, "work, matter or thing".

Mr. Wright: That is right. For example, if you go over the Legislative Assembly Act again, even though section 10 refers to contract or agreement, and lists those number of things, if you go to section 11, which is your exemption section, and go to clause 11(1)(n)--

Mr. Bell: (n) as in Norman?

Mr. Wright: --(n) as in Norman, "No person is ineligible as a member of the assembly by reason it is being entitled to receive on terms common to all persons similarly entitled and is receiving or agreeing to receive in accordance with such entitlement any service or commodity or any refund, rebates, subsidy, loan or other such benefit or payment that is authorized under any act."

That refers to a subsidy or loan.


Mr. Bell: We are getting a little ahead of ourselves. Does that subsection (n) refer to anything different than the exemption clause in the guidelines, which is the first paragraph on page 2?

Mr. Wright: That is basically what it was supposed to portray. It was supposed to be that kind of exemption. At least, that was the intention of it.

Mr. Bell: All right. Then I put this proposition to you. To use the words of the guidelines, if the obligation and restriction of the no contracting clause is no wider in scope than section 10, then why have a guideline? Why not just say to all ministers, "Comply with section 10."

Mr. Wright: But the guidelines go further under acquired disclosure. The main thing of the guidelines is a public disclosure of the assets. You want to ask me a question as to why they have guidelines it is that sometimes, perhaps, the guidelines make the--

(Tape P-1755 follows)



(Mr. Wright)

public disclosure of the assets. If you want to ask me a question as to why they have guidelines, sometimes the guidelines make the situation more complicated than it would be if you just dealt with the Legislative Assembly Act. Conflict of interest is not something you put in a box and that is the end of it. There are very different situations. Depending on the factual situations and how the guidelines apply to them, you try to come up with what is the best situation. It is not an easy task.

Mr. Bell: Can you help me? If the September 1985 guidelines did not have the exception clause that is found at the top of page 2, how did you deal with situations that were not accepted by the guidelines, but on your interpretation, were apparently accepted by clause 11(1)(n)?

Mr. Wright: It was one of my recommendations to amend the guidelines to this effect because it seems to be a harsh situation, when you are trying to encourage business people to enter government at a considerable sacrifice of time, if they also have to sacrifice all their business interests as well.

You will notice the exemptions there. If a member of the Legislature is a shareholder under clause 11(1)(b), then he is simply exempt. The Legislative Assembly Act does not say whether that is a majority shareholder or a minority shareholder. All it says is that if you are a shareholder in an incorporated company, the only limit on that is if you were constructing a building. Everything else is exempt. There is also clause 11(1)(n) to which we have referred.

For example, one way of trying to get around the guidelines would be to transfer your interest in that company to your adult son who was not caught by the guidelines, because the guidelines only apply to what was determined as the family unit, the husband, the wife and the minor children. You get into the problem of how far to go. Do you include the adult children, your parents, your brother, your sister? That is a very difficult area.

First of all, you start out with the premise that people who are elected to office are honest. If they must disclose their assets, the more restrictions you place on them, then you are going to be prohibiting some people who have talents and also large business interests from even considering putting their name forward to run in an election.

6 p.m.

Mr. Bell: Just so the record will be clear and in a summary way, it is your interpretation that the exception clause permitted and permits ministers to do that which members were permitted to do by clause 11(1)(n)?

Mr. Wright: In my view, that was clearly the intention. I would like to give you my summary of what I think it was intended to mean. In my view, the guidelines prohibit a minister or parliamentary assistant from receiving some specific benefit from a contract.

P-1800 follows

Mr. Wright: ~~In my view, the guidelines prohibit a minister or parliamentary assistant from receiving some specific benefit from a contractor or agreement with the government because of his position in government which benefit would not be available to other persons. However, the guidelines should not be interpreted to prohibit a minister or parliamentary assistant from receiving a benefit which could be received by anyone else having an interest in a similar company. You may say I give a very broad interpretation to that but that is my view of what the intent of that amendment was to accomplish.~~

Mr. Bell: Do you understand that Mary Eberts' intention is the same as your interpretation?

Mr. Wright: I believe it is, although she may give a different opinion.

Mr. Bell: Can we proceed to finish your comments on the amendment. At the bottom of page 2 I will ask you this question now to save time because I think it was asked this morning by another witness. Talking about the reasonable time to comply with the guidelines, I understand under the Davis' guidelines there was a 90-day time limit to comply.

Mr. Wright: I think so, yes.

Mr. Bell: And do I understand under the September 1985 guidelines that was extended to six months?

Mr. Wright: No, that is not my--if you look at page 3, my interpretation of that is the land holdings in a few days, disclosure of other holdings within a month, trust agreements where ministers desiring to set up a trust should have established the trust and disclosed is management provision by the end of the year. In other words they had from September to December--October, November and December.

Mr. Bell: Will you refer to the very last paragraph of the guidelines on page 3. Can you tell the committee what you take that paragraph to mean?

Mr. Wright: It is an omnibus clause which presumably says there may very well be situations which are not covered by these guidelines which could be considered a conflict of interest.

Mr. Bell: May I ask you, then, given that type of circumstance, one which is not caught by the letter of the guidelines, what are the obligations and restrictions on a minister in that circumstance?

Mr. Wright: I think each minister is guided by his or her own conscience in a particular fact situation.

Mr. Bell: How does a minister go about determining whether or not any given circumstance comes within that last paragraph?

Mr. Wright: He discusses it with other of his cabinet colleagues, or parliamentary assistants or gets on the phone to me or perhaps someone else and says, "what do you think about this?"

Mr. Bell: Let us assume that you are consulted. What factors do you consider in determining whether the third paragraph kicks in in any given circumstance?

Mr. Wright: It would depend on the facts of a particular case.

Mr. Bell: I know you will appreciate this, that is a lawyer's answer. Tell me the factors you might consider.

Mr. Wright: You get into the question of whether there is a conflict or whether there may be an appearance of a conflict.

Mr. Bell: Is perception or appearance one of the factors you would consider?

Mr. Wright: It may be, depending on what the climate of the situation is and the whole factors that are taken into consideration.

Mr. Bell: Assume that after you have considered the circumstances with all of the appropriate factors, you conclude that there is a perception that the guidelines have not been complied with, what is your advice to that minister?

Mr. Wright: I indicate that I am only dealing with the question of the guidelines and whether there could be a possible breach of the guidelines and the policy decision then sometimes . . .

1805-1 follows



~~that after you consider the circumstances with all of the appropriate factors you conclude that there is a perception that the guidelines have been complied with. What is your advice to that minister?~~

Mr. Wright: ~~I indicate that I am only dealing with the question of the guidelines and whether there could be a possible breach of the guidelines. The policy decision then becomes~~ it may be so obvious that I would say, "You are going to be criticized for that." Sometimes I say, "I cannot make that decision, perhaps you had better take it up with the Premier's office." I try not to get involved in what the political repercussions might be of any particular situation.

Mr. Bell: The focus of my question is only as for compliance with these guidelines. If you conclude that there is a perception that the guidelines may be breached, what do you advise the minister in respect of compliance?

Mr. Wright: If there is a perception that the guidelines are going to be breached, then I say they should not do it. I have trouble with the words you are using. There is a breach of the guidelines which is a conflict of interest. There may be an appearance. That is the problem with this whole area. Just as soon as the media reports something, everybody assumes that there is a conflict of interest. It may only be that there is an appearance of a conflict of interest but when investigated there is none. That is the problem with this whole area of conflict of interest.

Mr. Bell: Do you understand what I mean by the perception test? Perception of breach of the guidelines?

Mr. Wright: I am not sure that I do.

Mr. Bell: That question would require a lecture in the law and I am not sure it is appropriate to take the time for that.

Do I take it though that your view is that there is not a perception standard in these guidelines whereby if it is perceived that the guidelines are breached they are in fact breached?

Mr. Wright: Let me try to give you an example out of the guidelines if I can because it was clearly intended by the guidelines that there may very well be situations in which a minister would have a beneficial interest and that matter may very well come before the ministry in which he is a minister. The guidelines in paragraph 2, on page 2. "It will be the responsibility of the individual minister to ensure that whenever a matter involving a personal beneficial interest comes before the ministry for which the minister is responsible, being a matter involving the discretion of the government," in other words it is not something everyone is going to receive, it is going to be a discretion, "the minister will request that a colleague be officially appointed to act for the ministry concerned for the purpose of dealing with that matter."

You can go to a perception and say, there is an appearance of a conflict of interest here because if one cabinet minister may have a beneficial interest in a particular project that involves the discretion of government and some other cabinet minister has to make the decision on that and they are all together in the same cabinet, somebody from the public is going to say, "Sure the other cabinet minister just approved it because it is his brother cabinet

(Mr. Wright)

minister." Therefore you say, "Yes, there is an appearance of the conflict."

Mr. Bell: Let me try it this way. You can confirm that in the Manual of Administration and in the draft guidelines I believe you had some part in as for deputy ministers, there is a perception test as for the breach of the guidelines?

6:10 p.m.

Mr. Wright: Yes. The difference being of course with respect to civil servants and respect to the guidelines that we are in the process of drafting for deputy ministers, there was to be no public disclosure of the assets. It was to be more of a cold situation where you put it in the strongest language to make sure--

P-1810-1 follows



(Mr. Wright)

~~Ministers there was to be no public disclosure of the assets. It was to be one of a ??old situation where you put it in the strongest language to make sure they are going to be aware of possible conflicts of interest.~~

Mr. Bell: All right. I am quoting from draft 4 of the suggested amendment guidelines.

Mr. Wright: Is that the deputy minister's?

Mr. Bell: Yes. You can find that at tab J, subtab 4 of the brief of documents if you have a copy before you and you should have if you do not.

Mr. Wright: I have my own deputy minister's.

Mr. Bell: Turn to draft 4, on the second page, clause 6, where it says "Upon assuming his official duties and thereafter, a deputy minister shall arrange his private affairs so as to prevent real, potential or apparent conflict of interest" and where there is a conflict between private and public, the public shall prevail. Do you agree with me that sets forth a perception test, among other things?

Mr. Wright: Yes.

Mr. Bell: Does the perception test that is set out in that clause exist in the minister's guideline, in your opinion?

Mr. Wright: Yes, you may include it in the last paragraph.

Mr. Bell: What do you do? Do you include it in the last paragraph?

Mr. Wright: I think you can, yes.

Mr. Bell: Do you include it in the last paragraph?

Mr. Wright: Again, it depends on the particular fact situation.

Mr. Bell: You and I should not be argumentative, but it either is there for all purposes or it is not. How you apply it to particular circumstances is one thing. Is it there for all purposes?

Mr. Wright: It depends on what the perception may be and whether at the particular time and the climate of the whole thing a political decision may be made that you can live with that.

Mr. Bell: I take your answer to mean that the guidelines do contain some perception test?

Mr. Wright: I would think so.

Mr. Bell: When you gave your advice to the Caplans, at any time during that period, did the perception test exist in the guidelines?

Mr. Wright: I am not sure I understand. The guidelines have not changed.

Mr. Bell: We can assume when you gave your advice to the Caplans the perception test existed in the guidelines.

Mr. Wright: If you take a percentage of funds which you raise, then you may have a perception of a conflict of interest.

Mr. Bell: No. Please, Mr. Wright, when you gave your advice to the Caplans, I take from your answer that the perception test we have been describing did exist in those guidelines.

Mr. Wright: If I understand what you mean by the perception test, yes.

Mr. Bell: Particularly the one we have looked at as per clause 6 of the draft for deputy ministers. Correct?

Mr. Wright: I am really not sure I am understanding what you are saying.

Mr. Pope: Is there a test or not?

Mr. Bell: Is there a perception test or not in the guidelines? You have already told me there is. What you have told me is that perception test may vary, given--

Mr. Wright: Depending on the circumstances.

Mr. Bell: I agree. I will give you that. When you advised the Caplans as per the guidelines there was a perception test part of the guidelines. What that test was is another question, but there was a perception test in the guidelines.

Mr. Wright: Okay, one of the advices I gave was that Mrs. Caplan should not have any connection whatsoever with any input into any decision which was made by the IDEA Corp. That can be a perception test. In other words, do not do that.

Mr. Bell: We will get to that at the appropriate time, but I want and require an answer to the question. When you advised the Caplans, whatever was included in the test, there was a perception test in the guidelines?

Mr. Wright: Yes.

Mr. Bell: All right. What was the perception test at the time you advised the Caplans, as you understood it?

Mr. Wright: One of those is what I have just indicated.

Mr. Bell: Can you define it in a conceptual or substantive ...

P-1810-1 follows



~~Mr. Wright: One of those is what I have just indicated.~~

~~Mr. Bell: All right, can you define it in a conceptual~~
~~perspective way?~~

Mr. Wright: To make absolutely sure that there was no political content in any decision which flowed from the Innovation Development for Employment Advancement Corp. to Wyda. If there was, then you would have a perception that there may be a conflict of interest.

Mr. Bell: Do I take it that throughout the period that you advised the Caplans, from the circumstances made known to you by the Caplans, you did not believe the perception test had been--I will use the word--offended?

Mr. Wright: From the information I had when I gave my opinions, no.

Mr. Bell: All right. We have talked about this with Mr. Carman. When you gave your opinions and advice to the Caplans, you were not aware of the change in remuneration of the fee from \$2,000 to \$8,000 per month. Is that correct?

Mr. Wright: That is absolutely correct.

Mr. Bell: For the record, we can confirm your last involvement with the Caplans was in February, 1986. When I say involvement, your last communications with the Caplans was in person in February, 1986, and by correspondence on March 4, 1986.

Mr. Wright: That is correct.

Mr. Bell: That is in your material that we will look at in a moment. Do I take it then, with the exception of the exercise as for the Carman • investigative team as I will describe it, you received no further information as for the Caplans' affairs and, in particular, the Wyda matter?

Mr. Wright: That is correct. To my knowledge, there may have been other telephone calls which I have no record of, but I only met with Mr. Caplan on two occasions.

Mr. Bell: All right.

Mr. Wright: I may be wrong, but I do not think I have ever discussed conflict of interest with Mrs. Caplan.

Mr. Bell: All right. At some time, and do we take it that the first time you were made aware of the change in the remuneration from \$2,000 to \$8,000 was on or about June 11, 1986?

Mr. Wright: I believe so; when Mr. Carman phoned me and asked me if I had read the column. I indicated that I do not read The Toronto Sun so I had not seen it.

Mr. Polsinelli: You read the pictures.

Mr. Bell: As ??Bud Estey says, "That is the only paper you can enjoy in the subway without being able to read." ??Bud Estey is a justice of the Supreme Court of Canada.

(Mr. Bell)

You are now in receipt of, and were then in receipt of that additional information. Do I take it, that it was then, and is still now, your opinion that notwithstanding the additional information, the perception test in the guidelines has not been offended?

Mr. Wright: I did not say that. I said the guidelines were not offended. In other words, as far as I know, there is absolutely no evidence of any political interference in the decision which IDEA made to Wyda. Second, the Caplans had no equity interest. Third, as far as I knew, there was no agreement with respect to getting a percentage of the funds which were raised through government.

Mr. Bell: All right. Can you repeat for me what you understood to be the perception test during the time that you advised the Caplans? That is a situation that has, upon a review, political implications.

Mr. Wright: I can give you my view subsequently about a perception with respect to the increase from \$2,000 to \$8,000.

Mr. Bell: My question is, does that additional information offend the perception test, as you understood it?

Mr. Wright: I believe that it can. First of all, I do not know all of the facts and the reasons behind the increase from \$2,000 to \$8,000.

Mr. Bell: All right.

6:20 p.m.

Mr. Wright: If I can complete my answer, I believe there can be an appearance here of a conflict of interest by reason of the timing...

P-1820-1 follows.



~~I believe that there can be an appearance here of a conflict of interest by reason of the timing, of the fact that the IDEA grant flows have been--there is a \$6,000 increase in fees.~~

You can connect those two and say: There must have been something there that really he is getting from the government grant. That can be an appearance of a conflict. I think the timing was unfortunate. As I say, I cannot give an definitive opinion because I do not know the circumstances or the agreement or the discussion or why it was raised from \$2,000 to \$6,000 from a retainer.

Mr. Bell: If you were not aware of all the facts--and I take your answer to be that you are still not aware of all the facts--why did you confirm your opinion, which was included in the Premier's statement that there had been compliance with the guidelines?

Mr. Wright: Because there is no breach of the guidelines. There may be an appearance of a conflict but there is no conflict. Show me where the guidelines are breached.

Mr. Pope: The perception test.

Mr. Wright: Okay. That is what I am saying, somebody will say, "Yes, there is an appearance here of a conflict." Surely, in my respectful opinion, you do not castigate somebody for an appearance of conflict if you find out that there really is none.

Mr. Bell: Can I trace it through? Is your point that before one applies the perception test to decide whether there are any consequences of any breach of that perception test, you have to know all the facts?

Mr. Wright: That is what I said five or 10 minutes ago--

Mr. Bell: Forgive me, I am a lawyer, it takes me a while longer to get to it.

Then I take it what your position is that perception tests should only be applied when all the facts are in.

Mr. Wright: That is correct. In other words, my looking at it in a very common sense way is that perhaps Mr. Caplan did a heck of a lot of work for Wyda for a \$2,000 retainer. Maybe he made an error and he should have made his retainer, after he came to see me when I indicated to him that in my view you could not have an equity in the company, you could not have a percentage of the funds which are raised from government grants and that you should stick to a retainer.

Perhaps at that particular time what he should have done is gone back to Wyda and said, "Look, I cannot do this for \$2,000, I need \$8,000." That is why I say perhaps the whole problem is the timing in the increase in his retainer.

Mr. Bell: There are just two more questions. I am going to suggest that I stop now and if members might have some questions on what I have done to date. I am not finished with Mr. Wright. We have to deal with the specific involvement with the Caplans and his document.

(Mr. Bell)

Let me just trace this through. Let us remove it from the Caplans and talk about hypothetical. If, when all the facts are in and known, one concludes that the perception test has been breached then have the guidelines been breached?

Mr. Wright: You have to add on top of this the exemption at the top of page 2 of the guidelines. If this falls within the category of a benefit to a class of business which would be available to other businesses when they apply to IDEA, then the guidelines provide that even if you had an equity interest of that company, you are not in breach of the guidelines.

Mr. Bell: Notwithstanding the perception test, the exemptions might save you.

Mr. Wright: That is correct.

Mr. Bell: Just for the record, it is your opinion that an investment by the IDEA Corp. in Wyda as for the details of that investment, comes within the exceptions?

Mr. Wright: That would be my opinion now, yes.

Mr. Bell: Why?

Mr. Wright: Perhaps I would qualify that. I do not know all of the ins and outs of what you call "agreement between Wyda and IDEA."

Mr. Bell: Okay. There may be some questions from members, if they would like to start now...

P1825 follows



~~from members, if they would like to stay~~ until we rise for supper. I am in the committee's hands as to how it wants to structure it so long as I get back in sometime to complete.

Mr. Chairman: We only have about five minutes left until the normal adjournment time. Mr. Ward is first on our list.

Mr. Ward: Just very briefly, maybe we can pick this up later after the break. Mr. Wright, are you satisfied that the Caplans fulfilled the disclosure requirements that are within the guidelines?

Mr. Wright: Yes, I am.

Mr. Ward: Are you satisfied that the contractual arrangements between Damaza and Wyda, to the extent that you have knowledge of them, met the requirements of the guidelines?

Mr. Wright: Yes.

Mr. Ward: Are you satisfied that the altered contractual arrangements between Damaza and Wyda met the guidelines to the extent that you are aware of them?

Mr. Wright: Yes, it was basically an in piece and retainer and not an equity in the company or a percentage of the funds which were raised from government.

Mr. Ward: Okay. Getting back to the perception test or lack of a perception test, I am not sure what you have indicated but in terms of a change in the amount of the monthly retainer from \$2,000 to \$8,000, is it your opinion that that change could constitute a problem in terms of perception?

Mr. Wright: I think it has. In other words, the way the media paints the picture, etc. What you immediately do is connect it, that \$6,000 must have come somehow from the money which flowed from IDEA to Wyda. That is some reward for whatever input that Mr. Caplan gave with respect to his financial advice.

Mr. Ward: Okay. You indicated that is not a judgement that can be made immediately because all the factors might not be known.

I put it to you, Mr. Wright, if it was put out in terms of the public knowledge of the change of the requirement that a contractual arrangement which involved a monthly retainer of \$2,000 per month and \$700,000 worth of incentives was then changed to a monthly retainer of merely \$8,000 consulting fee, could that not lead to a perception of a sacrifice rather than a gain?

Mr. Wright: I do not think you can make that judgement call until you know the reasons behind the increase from two to eight.

Mr. Ward: Given that the contractual arrangement for \$8,000 no longer contains any incentives to the tune of \$700,000, is it not reasonable that the perception of that could be one of sacrifice?

Mr. Wright: One of sacrifice? It is my understanding that Mr. Caplan was going into a different business and therefore was basically giving up his consulting duties with wyda.

Mr. Ward: But a \$700,000 loss in incentive bonuses then in your opinion would not be perceived--

Mr. Wright: That had nothing to do with--I think that was with respect to funds that he would raise out of the private sector.

Mr. Ward: But it was not part of the second arrangement in terms of compensation and in the first arrangement in terms of compensation, those incentives applied only to private funds not public funds.


Mr. Wright: That is my understanding, yes.

Mr. Bell: It is obvious, Mr. Wright is going to be required this evening. May I have direction from the committee? I do not believe there will be time for any other witness after Mr. Wright this evening. Do I have the committee's permission to advise Mr. Robinette that we will have to rearrange his testimony, if necessary, in the remainder of the committee's schedule?

Mr. Epp: If I may just raise one point. That is providing that we it is essential we have Mr. Robinette here.

6:30 p.m.

Mr. Bell: That is why I said "if necessary."

Pl830 follows

~~Mr. Bell: That is why I said, "if necessary."~~

Mr. Epp: I understand. If it is necessary, are we going to be able to have him next week? Do you know what I mean?

Mr. Bell: No, I do not, but I will make sure that that enquiry is made of him.

Mr. Epp: We would not want to decide after today that it is necessary and then find out that we cannot have it.

Mr. Bell: I will certainly make that enquiry.

Mr. Philip: I am not certain that we need Robinette.

Mr. Bell: I am not either.

Mr. Philip: I think that a number of my colleagues.

Mr. Pope: --I think we do need him.

Mr. Chairman: We will discuss this at a later time.

The committee recessed at 6:32 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gordon, J. K. (Sudbury PC)

Harris, M. D. (Nipissing PC)

Philip, E. T. (Etobicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitutions:

Fish, S. A. (St. George PC) for Mr. Harris

McGuigan, J. F. (Kent-Elgin L) for Mr. D. W. Smith

Rowe, W. E. (Simcoe Centre PC) for Mr. Ferraro

Clerk: Arnott, D.

Staff:

Bell, J., Counsel; with Shibley, Righton and McCutcheon

Witness:

From the Ministry of the Attorney General:

Wright, B., Assistant Deputy Attorney General--Civil Law

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Wednesday, June 25, 1986

The committee met at 8:10 p.m. in room 228.

ALLEGED CONFLICT OF INTEREST

The Chairman: I wonder if we could come to order, please. Mr. Pope has something that he would like to clarify to begin the meeting.

Mr. Pope: At the end of this afternoon's session I was describing the statement made by Counsel. I just want to indicate, I was not in any way using the term, "unbelievable" to indicate that Mr. Wright, other than telling the truth and giving his beliefs and opinions, I was really referring to the unbelievable complexity of the legal principals and theories and arguments surrounding the guide lines and not again by Mr. Wright speaking the truth or not and my words were meant in that sense and with any other. I apologize Mr. Wright.

Mr. Wright: Thank you.

Mr. Ward: Thank you, Mr. Chairman. Before we broke, I had asked a series of questions which related to the fundamental question whether or not any of the change arrangements constituted a breach of the guide lines, whether the Caplans had met the disclosure for provision.

Just before the supper break we were talking specifically to the issue of the perception of conflict and I think Mr. Wright indicated during that questioning of Mr. Bell that that may in fact be a perception of conflict because of the timing of the change and the contractual arrangements of the corporation, is that correct?

Mr. Wright: That is correct.

Mr. Ward: Did the perception problem constitute a breach of the guide lines?

Mr. Wright: No.

Mr. Ward: That in fact it does not. You also indicated, Mr. Wright, that the changes in it between Damaza and Wyda still complied with the guide lines. Did you advise the Premier or the cabinet investigator or anybody that the change in the contractual arrangements?

Mr. Wright: No.

Mr. Ward: Was your advice sought during the course of these meetings, I believe that the date was June the 11th?

Mr. Wright: The day of the statement?

Mr. Ward: I would assume this question came up rather consistently?

Mr. Wright: At that time, of course, there was no information with respect to the increase in the retainer.

Mr. Ward: Grant it, but I guess the question should be more specific as to whether or not the guide lines of the breach had been raised?

Mr. Wright: That is right. My advice which is contained in the guide lines was given orally at the time that the statement was being made. It was my opinion that the guide lines had been breached.

Mr. Ward: I think, Mr. Chairman, I will yield, given that I think this clearly pronounces in fact your opinion there was never a breach of the guide lines, either before or after the contractual arrangements for a change, and, although, it might have been a problem with perception, in your opinion, it does not constitute a breach?

Mr. Wright: That is my opinion.

The Chairman: Mr. Philip, you are next.

Mr. Philip: I am sorry I am late, Mr. Chairman. I must say I am confused about the perception. Now, as I understand you to say the perception test would require before one can pry the perception test, one must, first of all, have all the data in. Did I hear you correctly in saying that?

Mr. Wright: You may have a situation where you can say there is an appearance of conflict but is there really a conflict. You can't determine that until you find all the facts.

Mr. Philip: So the perception test as it applies to the guide lines someone would not be in a conflict of interest while the perception test until you first of all had all the data in the information?

Mr. Wright: That's correct.

Mr. Philip: Am I correct in understanding that you were part of the team, that in fact gave the information that resulted in the Premier's statement in the House?

Mr. Wright: I was present, yes.

Mr. Philip: How can you give the information there is no conflict of interest which is what was contained in the Premier's statement if you didn't have all the data and since the perception test is based on your own testimony of applying if you have the data in? Can you answer that question?

Mr. Wright: I can only give opinions on the fact that I have at any particular time.

Mr. Philip: You said that you can not say there is a conflict of interest using the perception test unless you have the data in. You gave information you were part of the team that came to the conclusion which the Premier read in the House that said there was no conflict of interest?

Mr. Wright: That's right.

Mr. Philip: Don't you see the contradiction in that?

Mr. Wright: No.

Mr. Philip: Well, either there is something wrong with my logic or there is something wrong with your following the argument. How can you come to the conclusion that there is no conflict of interest if the only basis on which there would be a conflict of interest is the perception test and if that perception test required the additional information that you obviously didn't have at the time, once you advised the Premier?

Mr. Wright: I have said, with respect to the information that came to our attention subsequent to the statement of the retainer being increased from 2 to 8 thousand that this is a perception of conflict of interest.

I also said unless I knew all of the facts with respect to that I could not give an opinion whether in actual fact there was a conflict of interest because I don't know the reasons behind the increase from 2 to 8 thousand.

Mr. Philip: But the statement of the Premier said there wasn't a conflict?

Mr. Wright: The information at that particular time and even on the subsequent information that I have right now, there is no breach of the guide lines.

Mr. Philip: The statement does not say there was no conflict. It says there was no breach of the guidelines. I think that you are playing word games with us. No breach of the guidelines means there is no conflict, is there not?

Mr. Wright: If you provide additional information to show that there may have been a conflict of interest in the situation, the opinion could very well change but the statement by the Premier doesn't say that, to get additional information there is no breach of the guidelines. It says fairly clearly that there is no breach of the guidelines.

Mr. Philip: Would you admit that?

Mr. Wright: I admit that. You can only provide an opinion of the information you have at a specific period of time.

Mr. Philip: At that time, you were aware there was an increase?

Mr. Wright: No.

Mr. Philip: You weren't. But you would have -- and just let me trace back then for a minute then.

At the time in which you acted in an advisory capacity as part of this team, that seems to have no leader, nobody coordinates it, nobody that finally gives the information to the Premier, but somehow through a metaphysical rise in the Premier's hand and he reads it in the House.

At the time at which you were part of this team, you gave an opinion that there was no conflict?

Mr. Wright: On the facts as I knew them, at that time, that was my opinion.

Mr. Philip: And at that time then, can you review with us what contacts you had with the Caplans?

Mr. Wright: I believe I had previously indicated that I had two meetings with Mr. Caplan, two to my knowledge.

Mr. Philip: Up until that time then, no indication had been given to you of the increase?

Mr. Wright: No, I did not know about the increase. I think it was the day after the Premier's statement was made and it appeared in an article in the Sun.

Mr. Philip: Okay. I am done.

The Chairman: Mr. Pope?

Mr. Pope: Thank you, sir. Can you read me the dates of the meetings, the two meetings? One was June 24, 1985, and the other one was on January 8, 1986?

Mr. Wright: No, that's not it.

Mr. Pope: Wait a minute. Here it is. 26th of February, 1986.

Mr. Wright: Yes.

Mr. Pope: Those were the only two meetings?

Mr. Wright: To my knowledge, yes.

Mr. Pope: Did you have any other telephone contacts through Mr. Caplan's office, other than the one noted on your document of January 8, 1986?

Mr. Wright: To my knowledge, that is the only one. That was with respect to whether the statement as I had provided was accurate.

Mr. Pope: Yes, okay. So, other than what you have already really provided to the Committee, the information contained in that, there is no additional contact that you had?

Mr. Wright: Mr. Caplan may have called me at another time. I have no record of that and I don't recall anything that I had said to him during that time. It may be that he did phone me sometime, but I have no recollection.

Mr. Pope: Is there any other documents that you had in your possession or will have in your possession with respect to this matter that are not contained in what you filed?

Mr. Wright: Yes.

Mr. Pope: I wanted to discuss a bit of the guidelines because I really meant that I was lost in the legal concepts and I am granted of your evidence it was the array of legal concepts and the conclusions that those concepts would lead us to.

I am referring to the interest, particularly, interest in land. You defined your concept of the interest in land. You said it was proprietary interest?

Mr. Wright: Yes.

Mr. Pope: Would you include a mortgage?

Mr. Wright: Yes, if you were the mortgagee.

Mr. Pope: Yes, it is a lease.

Mr. Wright: Well, it may depend on the circumstances, in other words, you don't own it if you are leasing it from somebody else. Whether any benefit of that land would flow to you.

Mr. Pope: Is there generally presumed by the Court the lease of interest in the land certainly registered?

Mr. Wright: Yes, but I am saying supposing that land was to receive some benefit, it would have to be shown that maybe you received a decrease in the rent itself, or some improvements that you didn't pay for or something like that.

Mr. Pope: But that would be the same test as any other interest in land receive the benefit in terms of the potential conflict or perceived conflict, so, again, isn't any interest in land, it is not proprietary interest in the dialogues, itself, it is just interest in land and I am interested to know why you qualify it as proprietary interest personally and secondly, why your interpretation of the proprietary interest only includes some legal rights to the land?

Mr. Wright: We were just dealing with land, that's not the only category.

Mr. Pope: Just land. Just so I am not unfair to you, if you refer to your material, the lease interest is not something that falls within the curfew of the conflict of the guidelines in this case.

Mr. Wright: This is my opinion to Mr. Caplan.

Mr. Pope: Yes.

Mr. Wright: On the purchase of a plant and machinery and not real property.

Mr. Pope: Yes and quality interest, as was disclosed to you, and I am interested in why your interpretation is that certain categories of rights to use land or occupy land are included in the conflict of interest guidelines and others are not.

Do you know with respect whether or not the Government might do something to give benefit to that land interest?

Mr. Wright: I guess I am interpreting it that you are not purchasing an interest in that land if the company leases the land from somebody else?

Mr. Pope: But it is under the terms of the Land Titles Act. It is a legal interest in terms of Landlord and Tenant Act. I can't quite understand why leases are different.

It is a life tenancy, an interest in land?

Mr. Wright: I think I see what you are getting at. The guidelines, I believe, the prohibition against land purchases was in the event of whether or not speculating or you were going to develop it itself, that's why it is accepted for land acquired for personal use or residential, prohibited from purchasing land and at this particular situation, that was not the case. The land was not going to be developed, they couldn't develop the land. They were buying the buildings and equipment.

In other words, they were buying the company but not the property.

Mr. Pope: I understand that has to do with how the land has been treated through whatever arrangements are sent to you for you to review. What I am trying to get at is isn't it fair to say that a lease is an interest in land as everyone would understand it?

Mr. Wright: I don't think he was purchasing an interest in that lease.

Mr. Pope: I don't even know what the arrangements are with respect to that lease. I just want to know, in general terms, is a lease not doctored to be interest in land?

Mr. Wright: I think you could, in some cases, interpret it, yes, as an interest in land, but it is a question in land but it is a question of who has the interest

Mr. Pope: The Courts have interpreted leases, rights to buy, live tenancies, shows in actions, fee simple, and all sorts of other things as creating interests in land.

Is there any reason why the guidelines wouldn't adopt what has been interpreted as common-law in the Courts for centuries?

Mr. Wright: I think I am only repeating myself.

The interpretation of the guidelines was that you weren't going to purchase land, that you knew might be wiped from development because of the information that you had you weren't going to speculate and you weren't going to develop it, and that's basically all I can say.

Mr. Pope: But it could be that 99-year lease, in fact, a 99-year lease is?

Mr. Wright: I would think it is, yes.

Mr. Pope: I just want to get to that because that's one of the distinctions that came through in the documents and I never heard that distinction before.

I am not saying that that means it is not there. I am saying I never heard of it before, that a lease is somehow not an interest in land, whereas some magical fee simple is for the guidelines. I can see situations where leases, as well as fee simple, would fall within the concept of interest in land.

Mr. Wright: I am not quarreling.

Mr. Pope: So, I guess what I am trying -- I think what you are trying to say, you made your Ruling not on the basis of whether it was an interest in land, on the basis a specific detail of the tracts that you were given by Mr. Caplan?

Mr. Wright: Yes.

Mr. Pope: You indicated that the perception test related to whether or not there was any political involvement, if I heard properly at one point. What's the test political involvement?

Mr. Wright: I don't know what the test is. Perhaps you could call it some favourable position, some benefit which someone else may not receive by reason of his position.

Mr. Pope: Is it fair to say that conditions

generally across Ontario do not get approval for IDEA Corp. funding?

Mr. Wright: I am not sure how many, what class of businesses would apply to the IDEA.

Mr. Pope: But there was a screening process?

Mr. Wright: Yes.

Mr. Pope: So, not every consulting firm and not every high-tech firm will get IDEA Corp. funding?

Mr. Wright: That's probably true.

Mr. Pope: Right. They may make application, but they don't get it?

Mr. Wright: Yes. I am sure that there is probably not sufficient funds.

Mr. Pope: So, it is different from OHIP, where everybody in the province qualifies for OHIP coverage.

Mr. Wildman: This is a bit of a classic.

Mr. Pope: And it is not like where they will go in and do an entire area. You pick company by company and someone screams out and decides who is going to get the benefit of that grant or loan or fusion of capital. It is not readily available to the public?

Mr. Wright: No. But it is readily available to a class of businesses.

Mr. Pope: Oh, is it?

Mr. Wright: Who come forward with perhaps the best project.

Mr. Pope: Any company in the computer business qualified for that corporation grant?

Mr. Wright: They were entitled to a plot. They are entitled to a plot.

Mr. Pope: Is it just entitlement to apply that is the test, as far as you are concerned? Mr. Polsinelli?

Mr. Polsinelli: I understand.

Mr. Pope: Is that what you are saying?

Mr. Wright: I would say short of any evidence that there was, in fact, some favoritism given to a company by reason of the position of the Minister of Parliamentary Assistant. Then you don't have any conflict.

Mr. Pope: The test is anyone could apply, not if anyone could benefit, if anyone could apply at the front end of the process, that's all that's required for the conflict of interest test?

It doesn't matter what happens after that point.

Mr. Wright: Well, it may depend on whether you can show that there was evidence that there has been a certain benefit by some favoritism.

Mr. Pope: You gave your opinion on June 11th there was no conflict of interest of breach of the guidelines.

Can you tell me, since you must have looked at this, how the IDEA Corp. funding for this kind of business was made readily available to anyone in the computer business in the Province of Ontario? Did you see any advertisements or anything else that led you to believe that this money was available to any computer company in Ontario?

Mr. Wright: Of course, you are forgetting that the Caplan's had no interest in Wyda and they had no proprietary interest, so that is where you start first.

Mr. Bell: What is the question?

Mr. Wright: What you are getting at is whether the guidelines apply.

Mr. Wildman: The question is whether or not a proprietary interest in the success of the application?

Mr. Pope: I don't want to linger you to the Caplan issue. I want to talk about the principles of the guidelines from what I heard you saying said, I am reading interest in the issue as the conflict of the guidelines and not necessarily the specific capital.

Mr. Wright: But you are speaking to the exemption clause.

Mr. Pope: Okay. What I am asking you is what information do you have that enables you to make the judgment that the exemption fits or doesn't fit vis-a-vis the general applicability or availability of funding to similar corporations in the province?

Mr. Wright: Well, it would be a clause of basis that are provided to IDEA.

Mr. Pope: Even if they don't know about it?

Mr. Wright: Well, if they don't know about it, they are not going to apply.

Mr. Pope: But if the information isn't readily available to them, how would they know about it?

Mr. Wright: We do examine that, look at whether or not it is available.

Mr. Polsinelli: Are you saying you didn't advertise?

Mr. Pope: I am asking questions of the guidelines.

Mr. Wildman: You are on the right line.

Mr. Pope: I think it is pretty damned important policy.

Mr. Polsinelli: I think you are on the right line.

Mr. Epp: I think Caplan should have bought an ad.

Mr. Pope: Maybe in the retrospect, maybe I should have.

Mr. Wright: I am presumably businesses in Ontario knew whether or not they fit within the category, a class of businesses that could apply.

Mr. Pope: So, that's a presumption?

Mr. Wright: That's a presumption or to the Ontario Development or if you are a tourist, presumably you would know about the plans in the Ministry of Tourism.

Mr. Pope: So, you presume that plans are readily available to the class of businesses that are listed in the material with respect to the plan and unless you have actual information for that presumption, you assume it is true in establishing whether or not it is a presumption?

Mr. Wright: Yes, I presume that Government plans are fairly widely advertised, especially when they are loans or grants and that class of business will be aware that they are available.

Mr. Pope: If you felt that IDEA Corp. are being wound up by virtue of a public announcement, that would not change your opinion that the grant would be readily available to that class of corporation?

Mr. Wright: I don't put that in as a fact.

Mr. Pope: Now, are you saying in your -- I am having trouble with all the legal concepts with you and the solicitor counsel for the Committee.

I would like to get into some examples so you can tell me how these guidelines might be applied in a day-to-day

basis in theoretical terms only. Would it be improper for a Government to give a loan to the corporation that it held shares in?

Mr. Wright: If you fall within the exemptions, no.

Mr. Pope: What do mean by "fall within the exemptions"?

Mr. Wright: Say it is a tourism redevelopment grant and the Minister has a tourist establishment in which he is a shareholder.

Mr. Pope: Yes. And you don't think there is anything wrong, there is no breach of the conflict of interest guidelines for this Government to give a tourism grant to a tourism company that the Minister has an interest in? It doesn't matter whether every other tourist proprietary has the same grant or not?

Mr. Wright: That's what the exemption speaks to, in my view, providing that that Minister has no input into the decision. That's what the exemption was intended to do.

Mr. Pope: You understand why we had trouble with that concept?

Mr. Wright: Let me give you an example. If the Minister owned a piece of property, like everybody else in the province, and wants to do something with that property and he needs something from the Minister of Housing and he excluded from doing that.

Mr. Pope: From receiving a Ministry of Housing grant?

Mr. Wright: No. Approval from the Ministry of Housing for a zoning change or something like that?

Mr. Pope: It seems you have had that trouble sometime. I am sorry, I want to develop it.

Mr. Wright: What you are talking about is a perception of a conflict. My problem with the perception test is the interpreting.

Mr. Pope: I interpret you as saying that, in fact, there is no perception test that in the conflict of interest of the guidelines for Ministers then, in effect, the perception test is a test which forces yourself and the Ministers involved to provide more information but the perception test and therefore it is never used as a test in the conflict of interest guidelines?

Mr. Wright: I think there is a difference between a perception or appearance conflict.

Mr. Pope: It creates an obligation to remove the perceptual problem and that obligation is demonstrated by obtaining more information, so, in effect, you never end up with a perception test problem because you have obligation to clear up before the conflict of interest guidelines?

Mr. Wright: If you get more information and there is no breach of the guidelines, simply because you have a perception doesn't mean that you have a breach of the guidelines.

Mr. Pope: Right. So, the perception test is not then a part of the guidelines because you never had a breach of the guidelines if you have a perception?

Mr. Wright: That's right.

Mr. Pope: So, that last paragraph in the guidelines is meaningless?

Mr. Wright: All it says is a flag that there may be situations which might be a conflict of interest.

The Chairman: Mr. Epp?

Mr. Epp: Thank you, Mr. Chairman. I just want to

go through the guidelines, Mr. Wright. There are some guidelines established in 1972 by Mr. Davis and by Mr. Peters in 1985.

With respect to these guidelines, are there any serious differences in those guidelines or substantial differences?

Mr. Wright: Well, I mentioned the fact that private company which wasn't in the previous guidelines and the exemption clause which wasn't in the previous guidelines.

Mr. Epp: So, based on the two sets of guidelines, are one set of the guidelines stronger than the other set of the guidelines?

Mr. Wright: I would think the original guidelines were stronger.

Mr. Epp: Were stronger?

Mr. Wright: By reason of the fact that you couldn't put your private company interest in a trust in the event there was a possibility of a contract with the government. But now, if you have a company that's going to contract with the Government to build a building and you knew that, when you became a Cabinet Minister, what you do is put in blind trust and presumably you're home free.

Mr. Epp: But, blind trust is something that has been accepted as a way of dealing with members and Ministers, with who are in the business who have entered Government, is that correct, and that's acceptable digressing yourself of interest in those holdings are certainly having nothing to do with those holdings or having any say in the way they are administered?

Mr. Wright: That's right.

Mr. Epp: So, it is quite acceptable form of meeting the guidelines as established?

Mr. Wright: In other words, if you are concerned at all that it depends on the type of business that you would bring with you when you were appointed. If you were concerned that at any possible time, do you know the way there may be if the country had contracts with the Government in the past and those may continue then, you are putting them to blind trust.

Mr. Epp: And, therefore, you wouldn't have any control over it?

Mr. Wright: No.

Mr. Epp: You don't even know where it was?

Mr. Wright: That's presumed in the blind trust that the trustee clause in the blind trust says that you would have no input, from the Cabinet Minister or Parliamentary Assistant as to what is done with the trust property while you maintain your appointment.

Mr. Epp: Now, with respect to the meeting of these guidelines, the time period of meeting these guidelines, that's the same?

Mr. Wright: Yes, that's my view.

Mr. Epp: And secondly, when you met with Mr. Caplan, who made that appointment? Was it you that made that with him or he made it with you?

Mr. Wright: I believe, since Mary Eberts was involved in advising the incoming Government, I believe that it was through her that the meeting was set up. That was basically to have my views on certain matters.

Mr. Epp: So, what Mr. Caplan was doing then is he was taking the initiative through Mary Eberts to see you to make sure that he met the guidelines?

Mr. Wright: That's right. This was a time when the election was over, that the Government had changed. It

was just a general discussion in contemplation that Mrs. Caplan might be pointed to the Cabinet.

Mr. Epp: So, in fact, what they wanted to do, Mr. Caplan was to show his sincerity in meeting the guidelines that the Government had established?

Mr. Wright: That's correct. He wanted to review whether or not there were any problems.

Mr. Epp: Okay. So, it was on his initiative and he was the one that was making sure that he met those guidelines?

Mr. Wright: Yes.

Mr. Epp: In discussing guidelines and the kind of things that people cannot do, or should not be involved in, what would you advise if someone had an RRSP? Would that be something that you would permit?

Mr. Wright: If it is not self-administered, then it is exempted the same as mutual funding since they basically are in a sense a blind trust, they are exempt.

Mr. Epp: How do you define that?

Mr. Wright: If you have an RRSP that has a certain share and you make the decision where the money is to be invested, then basically, that's no different than holding shares of the corporation which the guidelines say you can't do unless you put it in a blind trust. If someone else is dealing with the fund, then you don't have any input.

Mr. Epp: In most cases?

Mr. Wright: That's correct.

Mr. Epp: The greater majority?

Mr. Wright: Rightly so.

Mr. Epp: So that you would have to depend on whether it was self-administered or not?

Mr. Wright: Right.

Mr. Epp: Okay, thank you very much.

The Chairman: Mr. Wildman?

Mr. Wildman: I have a number of questions for Mr. Wright about the perception test.

I think earlier in your testimony you said in order to make a decision, you needed to have all of the facts and once you had all the facts, you could determine whether or not it was a perception of a conflict, is that fair to say?

Mr. Wright: No. I think I said that there may be a perception that there is a conflict, but you can't determine whether there is, in fact, a conflict until you know what the facts are.

Mr. Wildman: You also said that it depended on the situation, depended on the particulars of any particular case whether or not there was a real conflict, is that true?

Mr. Wright: Yes.

Mr. Wildman: But another point you indicated that the determination whether there was a perception of a conflict depended upon the political climate, but I think that was the essence of what you were saying?

Mr. Wright: I think what I meant to say if I didn't say it, but there may not be any breach of the guidelines, but there might be someone who says that there is an appearance of a conflict. It is a question a Minister of Parliamentary Assistant determining whether that causes them any problems or not. I would depend on the situation at the time that the matter came forward.

Mr. Wildman: That is, in fact, a political judgment, is it not?

Mr. Wright: I would think so. In situations where there are not perhaps a legal opinion as to whether the Legislative Assembly Act is within breach of the guidelines.

Mr. Wildman: I am interested in your involvement in that kind of situation. If the Parliamentary Assistant or Minister comes to you in your capacity as a law officer of the Crown, has the responsibility of interpreting the guidelines for the Minister of the Crown, and says it might and I might have a conflict in this particular situation.

How do you advise if it is, in fact, a question of perception rather than "real" conflict?

Mr. Wright: I try to assist as much as possible and indicate to them whether or not I think it might cause them a problem with respect to the appearance of a conflict.

Mr. Wildman: Now, you said you advise them whether it might cause them a problem. That, in fact, is a political judgement, is it not?

Mr. Wright: It could be.

Mr. Wildman: Not necessarily a legal interpretation?

Mr. Wright: Yes.

Mr. Wildman: Now, I want to leave that for a moment and come back to it in a couple of minutes.

You also said, in your opinion, and correct me if my interpretation is wrong, but I understood you to say that as long as there was no political context in a decision on

an application such as an application to the IDEA Corp. for a grant or loan, as long as there was not a political content in a loan officer of the Crown, it did not intervene in some way, there was not in your view a conflict?

Mr. Wright: Yes, that's correct.

Mr. Wildman: So, are you saying then that if a Minister of the Crown has an interest, what you determine as a proprietary interest in a business in a corporation, that applied to a Crown corporation such as IDEA Corp. for a benefit, that as long as that particular Minister or some other Minister of the Crown did not intervene in some way, there was not a conflict if that corporation gave the benefit?

Mr. Wright: Yes, that's my opinion. In other words, I believe that that's why the exemption section was placed in there because it was felt, and I felt very strongly over my years of experience in dealing with these matters, that if you were going to attract business people into Government, why should they be treated any differently than the Legislative Assembly Act provisions when it was not a contract or agreement specifically, but it was a loan or a grant which would be available to the similar classes of business.

Mr. Wildman: Surely, Mr. Wright, you don't recognize that a Minister of the Crown has different responsibilities than a backbench member of the Legislature when it comes to disbursement of a public fund?

Mr. Wright: Well, I referred to the provision in there when it features the position or Minister or Parliamentary Assistant has a beneficiary interest that is a matter of the Government discretion as to whether or not his company or he will get a benefit.

Mr. Wildman: From your point of view, what you seem to be saying to this Committee is that really the guidelines in effect make it more implicated and it might be better if we just dealt with the Assembly Act? In fact, what you are saying, a Minister should not be treated any differently than an ordinary Member of the house?

Mr. Wright: As far as interest in companies which can apply, like anybody else, where you do not have a situation where there is any special benefit given to a Minister because he is a Minister.

Mr. Wildman: Frankly, Mr. Wright, I find that unbelievable, that you would say that before this Committee.

Mr. Wright: All I am saying is that is why the exemption, in my view, was placed in there.

Mr. Wildman: Now, let's deal with that then. You said earlier that you felt that these guidelines with the exemption were not as strong as the previous guidelines?

Mr. Wright: That's right, because the previous guidelines said if you have interest in a private company you are out of luck and what you had to do was, you either had to sell your shares or you transfer them to somebody who wasn't caught by the guidelines. In other words, you transferred them to your adult son or transferred them to your brother and your brother could apply for the trip at the Ministry of Tourism. What I am saying is it is not as simple as we think it is.

Therefore, rather than having ways perhaps to skate around, why not put an exemption section in and as long as there's no evidence that a Minister or a parliamentary assistant, because of their position, is receiving anything because of that position but only receiving what another tourist establishment or another class of business is receiving, why should it be prohibited?

Mr. Wildman: Well, because his brother, if you want to use that term, "that the Minister may in fact be the one making the decision"?

Mr. Wright: But that is clearly forbidden by the guidelines and that's why that provision is in there.

Mr. Wildman: I don't mean brother in a broad sense. I mean it in terms of a political sense.

Mr. Wright I think I missed your point.

Mr. Wildman: If I am a member of the Executive Council and my colleague is also a member of the Executive Council, we may in fact know each other and become quite friendly and if he is making a decision on whether or not my company gets a grant, I may have a better chance at getting that grant than some member, some other member or some member of the general public who has an interest in the company who also is applying for a similar grant. Do you accept that?

Mr. Wright: That is the example that I gave as to the problems with looking at the perceptions of conflict rather than actual conflict and I put that to you.

Mr. Wildman: Exactly.

Mr. Wright: And I brought that section to your attention to show that's exactly what happens and somebody is going to say, well, surely they must have gotten some favouritism.

Mr. Wildman: Exactly.

Mr. Wright: That's why the guidelines have always had that provision.

Mr. Wildman: The point I am making is that I think it has been established by people, more experienced people in politics than I, as perception?

Mr. Wright: I guess what I am trying to say is -- I started out by saying that you first start with the assumption that elected representatives are their own people and they don't really want favours from the government in any way.

Mr. Wildman: In that case you don't need any guidelines?

Mr. Wright: Well, you may not. In other words, the province works very well without the specific guidelines and you

only have the Legislative Assembly since 1972. It's the same when we are requesting to come up with guidelines for the Deputy Ministers. Why do we need guidelines for Deputy Ministers?

The Deputy Ministers have been exemplary in their duties to the crown and all of a sudden we have to make it a little more complicated and get some conflict of interest guidelines. I may very well agree with you that it may very well be much more complicated with guidelines.

Mr. Wildman: Now, you said that, I didn't.

Mr. Wright: Okay. But now if you go and make them more complicated, if you make them more restrictive, you have to look at the end product.

Mr. Wildman: Did you have any input -- I draw your attention to four, sub-4 of the Conflict of Interest Code for Deputy Ministers which is under consideration.

Ms. Fish: Is that J4?

Mr. Wildman: Yes. Did you have any input into 7b: "The Deputy Minister shall not knowingly have any personal interest, either directly or indirectly, that might be affected by any government action or decision in which he participates"?

Mr. Wright: I might tell you that we were instructed to come up with guidelines for Deputy Ministers. The Committee was made up from recommendations; particularly a former Deputy Minister, John Takach, Deputy Minister, Solicitor General and myself and we started off the first meeting saying, why do Deputy Ministers need guidelines. We were instructed to. That's why we produced them.

Mr. Philip: Are you saying you didn't agree with 7b then? You just wrote it because you had instructions to write something?

Mr. Wright: We came up with what we thought was a

document that would raise as many red flags as possible. This is not a public disclosure kind of thing like the Ministers of Parliamentary Assistance who put all of their assets on the table. It hasn't been discussed, as far as I know, as to whether it is acceptable or not acceptable.

Mr. Wildman: But you will agree, according to the manual of Administration which does now apply to the Deputy Ministers as well as all other civil servants, that that perception or apparent conflict of interest is a matter of concern and is something that must be taken into account?

Mr. Wright: I believe this section says:
"If you think you may be in a conflict of interest position, you should take it to the Deputy Minister".

Mr. Wildman: Or to the Minister, to the Prime Minister.

Mr. Wright: I think that that is, in my view, quite sufficient and has worked very well for a number of years.

Mr. Wildman: You indicated earlier that the Caplans -- I think you said that the Caplans, because they had no equity interest nor were they to receive a percentage of the benefit that proved to be from the approval of the grant, were not in an actual conflict?

Mr. Wright: Yes.

Mr. Wildman: That is the point I wanted to get to. They were not perhaps in actual conflict but were they in an apparent conflict?

Mr. Wright: I may say they were, someone else may say they weren't.

Mr. Wildman: So what you understand your role is to be is to talk about what actually is and not to give political advice as to what might appear to be?

Mr. Wright: I gave an opinion that there would be no breach of conflict of interest in the guidelines if you did not have an interest in the equity of Wyda; that he did not receive by an agreement, a previous agreement that if I get some funds for the government you are going to give me 25 per cent of it. All he was going to be on was a retainer and I said that is fine.

The other thing I said is, make sure that Mrs. Caplan, as a Minister of Government, has absolutely nothing to do with the decision as to whether Wyda gets any grant from the government or not.

Mr. Wildman: You also earlier said that you found the change in the payment to Mr. Caplan from \$2,000 to \$8,000, you described as unfortunate because, I would think -- aren't you saying it is unfortunate because it might produce a perceived conflict?

Mr. Wright: There is no question. Just as soon as it hit the newspaper the public came to the conclusion that the only reason that Wyda received this grant was because it was through Mrs. Caplan as a Minister of the crown.

Mr. Wildman: If a Minister is to attempt to be clean, squeaky clean, and, to be squeaky clean, isn't it important not to have any perceived conflict?

Mr. Wright: I think you have to look at what you are attempting to do. In other words, are you going to become so restricted that you are not going to let people -- you are all representatives, you know the time it takes.

Are you going to sacrifice that as well, sacrifice a fairly successful business. Basically what you have here is perhaps very, very prejudiced to the opportunity for a woman to come to a very high position and her husband, in the businessworld, has to struggle through. And if you adopt that kind of situation you are going to make it so restrictive.

All I am saying is to take a look. If you want to get rid of every possible appearance of conflict, you have to weigh that with the total that you want to get. You shouldn't have any possible appearance of conflict of interest at all.

The Chairman: Mr. Gillies?

Mr. Gillies: I, frankly, think -- to raise the agenda issue -- I think that whether it be a husband or wife, the question there when you have a business involved is just as important and just of as much concern to this Legislature and to the public and to say that because the particular Minister in question is a female, who is married to a professional person or businessperson, that they are in somehow a different situation as opposed to a husband who is married to a businesswoman, is irrelevant.

I don't accept that. Could you explain or answer that question? In your view, do the existing guidelines impose adequate and/or clear restrictions and obligations on Ministers of the crown?

Mr. Wright: I don't know the answer to that question.

The Chairman: I would have to jump in at this point. Mr. Gillies?

Mr. Gillies: Thank you, Mr. Chairman. Mr. Wright initially, to refer to information in the Tab H in our binders. My first question is: How many shares are there in the document?

Mr. Wright: To the best of my information and knowledge that I received from Mr. Caplan there were three shares. He held two shares and his wife held one share.

Mr. Gillies: Is this a page from your daybook that we are looking at?

Mr. Wright: No, a page from my notes that I scribbled down.

Mr. Gillies: So on the 24th of June, 1985, in your notes you show two shares -- two shares belonging to Mr. Caplan and one share to Mrs. Caplan, who is also the secretary?

Mr. Wright: That's the information, yes.

Mr. Gillies: Can you show me where -- in these subsequent documents under Tab H which are the filing of the Minister, can you show me where it shows that she owns one share in Damaza Consultants and where is it noted in here?

Mr. Pope: Where did the one share go to?

Mr. Gillies: I see two shares for Mr. Wilfred Caplan and under Eleanor Caplan it says: "Shareholdings nil". Did her share disappear or did she fail to file it?

Mr. Wright: Just slow down. You are saying under her it says nil?

Mr. Gillies: Yes. Under page 5 of Tab H it says: "Eleanor Caplan, summary of real property, market shares held and shareholdings in private corporations, partnerships or proprietorships, October 15, 1985."

Mr. Wright: I don't know. Maybe the information that I jotted down wasn't accurate.

Mr. Gillies: Would somebody please tell me where and when and what the documentation is? I think that is an important question.

We will have to find out what the source and the date of this document is. That is under the heading: "The Honourable Eleanor Caplan, Summary of Real Property", and then "Summary of Mortgages Held in Private Corporations".

If you look under Damaza Consultants Ltd. the number of shares shows two. Now, I think it is important to put all of that to the witness and let him answer. If you compare that with the third page of Mr. Wright's material -- if you compare under "Holdings in Private Corporations".

Mr. Pope: For Wilfred Caplan?

Mr. Bell: If you compare what's in D -- what is

described on page 3 as "Wilfred Caplan, Shareholdings", they appear to be, with the exception of the last document which is not in H3, they appear to be the same.

Mr. Gillies: What I see under D is basically the listing that appears later on, the change that he noted.

Mr. Bell: That's what I noted.

Mr. Gillies: Where the third share of Damaza Consultants shows, in your handwritten notes, as belonging to Mrs. Caplan.

Mr. Wright: I don't know. Can I ask what would be the significance of that question?

Mr. Gillies: The significance would be, it seems to me to change whether Mrs. Caplan is simply the spouse of the President and proprietor of a consulting firm who has two shares and owns both of the shares. That strikes me as somewhat different from Mrs. Caplan being a shareholder and owner of that share, albeit, if we were to assume it's in trust. Would you agree or disagree?

Mr. Wright: There is no blind trust here.

Mr. Gillies: I suggest to counsel that we are going to have to get to the bottom of this.

Mr. Bell: If you look at the very last page in there, in Mr. Wright's material, you will find the very same document as Tab D.

Mr. Wildman: This is tab what?

Mr. Gillies: Tab D. The question to the Committee is: Are there two shares or three, are they all owned by Mr. Caplan or two by Mr. Caplan and one by Mrs. Caplan?

Does she continue or when did she discontinue to be secretary of Damaza? I think is all an error that we want

cleared up. I think it should be cleared up quickly because this may be a mis-filing.

Mr. Wright, I want to ask you: I was confused as everyone else here by this whole question of perception versus actual, but I want to put a proposition to you. My understanding and, again, this is noted in your handwriting, that Mr. Caplan was retained by Wyda as an acting consultant and basically to seek out sources of capital, seek out funding for the company. I want to put that into context of this perception.

If I were Mr. Caplan, a husband of a Minister of the crown, and I undertook that job on behalf of them and brought information from four sources,-- say I mentioned to lend some funding from the provincial agency, some from a trust company, some from a federal grant and some from the IDEA Corp., that's case A.

Case B, I undertook the same work and got funding from three sources rather than four. Those events are followed by the increase of the fee from \$2,000 to \$8,000.

Would you agree with me that the perception of conflict is somewhat greater in Case B than it is in Case A because of the fact that one of the two sources of funding was from the provincial agency as opposed to the one of four or five sources? Is that a logical conclusion? I'm not sure, really. You can take it as a perceived conflict.

My understanding of the subject -- and we will have the witnesses before us to determine this -- my understanding is that the only major source of capital that was to be obtained by Wyda during the period in the last year that they retained Mr. Caplan, the only capital was the IDEA grant. I am subject to correction.

I don't understand it to have obtained any major federal funding or any major private sector funding. Would you agree with me that the perception of conflict then grows again because of the fact that this one source of capital going into the company is followed so closely by the increase in the fees?

Mr. Wright: I have already indicated that there was a problem with the timing. The perception is that that is a connection between the funding flowing and the increase in fees.

Mr. Gillies: I suggest to you that it is more than time. It is also the fact that during the period he was retained as financial consultant, the single major source of funding that was injected into the company, as I understand it, was the \$3 million for the IDEA Corp.?

Mr. Wright: What did he have to do with that?

Mr. Gillies: What did he have to do with it? I understand he was involved in the grant?

Mr. Wright: To my way of thinking is before you have a conflict of interest and a breach of the guidelines, you have to have some evidence that Wyda received some favouritism by the fact that Mrs. Caplan was a Minister of the Crown.

Mr. Gillies: Well, in the guidelines, perhaps, but I am having the same problem that some of my colleagues are. Perhaps it is where the guidelines are and where reality is but I happen to think that when I went into Cabinet last year, if I had been the owner or partner ---

Mr. Wildman: It's the beginning of the end.

Mr. Gillies: If that company had been in receipt of a grant, I think I would have been out on my tush. But, seriously, I think any Minister would have a serious political problem and by just about any standard which I am aware, it would have been said and I have conflict of interest. I am a little surprised by the interpretation of the guidelines?

Mr. Wright: Supposing you had a piece of property in Collingwood and you wanted to build something on it and you had to go to the Ministry of Housing for some approval. You didn't have to if you weren't the Minister of Housing and had no input and the Minister of Housing proved that somebody could say you must have got some favouritism here because the Minister of Housing proved something for one of his companies.

Mr. Gillies: To me, it's a little different -- a provincial agency -- anyway, in your experience, is it usual in the Province of Ontario and the business of our province, is it unusual a financial consultant to represent themselves as a vice-president of a company?

Mr. Wright: I don't know.

Mr. Gillies: My understanding is that it is highly unusual, if not unknown, to help himself as a vice-president. They have a fear of acting as officer of a company.

Mr. Wright: I think perhaps that you should ask Mr. Caplan that question. As to what the practice is with consultant.

Mr. Gillies: As the official and advisor on the guidelines, it does not change whatsoever that Mr. Caplan was regarded as executive officer of Wyda and was, in fact, referred to as an executive officer in the Premier's statement made to the House? That's doesn't change the case?

Mr. Wright: No.

Mr. Gillies: I have listened carefully through all the points you made in your interpretation of guidelines and Ministers about the way they apply and so on, why, subsequent to the meeting on June 13th, between Premier Peterson and the Caplan's, why did you suppose Premier Peterson strongly advise Mr. Caplan to completely disassociate himself with Wyda and in so doing, told the media outside the Premier's office that "it looked bad"?

Mr. Wright: I don't know. Perhaps you should ask the Premier. I had no input in that.

Mr. Gillies: That was my next question. Did you offer any advice to the Premier or his officials leading up

June 25, 1986

to the June 13th meeting that would have led the Premier to tell Mr. Caplan to disassociate himself?

Mr. Wright: My opinion when I heard that there was a possibility of resignation by Mrs. Caplan, was I didn't see why she had to resign from the information that I knew, because there was no evidence at all that she had anything to do with their Wyda company getting any money, so I felt that she did not have to resign.

Mr. Gillies: Yet, I guess we will have to ask the Premier that and if the Premier saw fit, at that time, to suggest very strongly to suggest that.

Could you tell us a bit about any conversation you may have had with officials in the Premier's office during the period, roughly June 10, following my initial questioning in the House about this matter to until the resignation? Can you tell us the frequency and number of conversations you had with Mr. Carman or with other people in the Premier's office?

Would you talk to the Premier himself during that period?

Mr. Wright: No, I did not. I talked to Mr. Carman. I was -- I had my input into the statement. Only subsequent conversations I had with Mr. Carman with respect to the article which appeared in the Sun as to the increase in the retainer from two to eight thousand.

Mr. Gillies: That Sun article appeared on the morning of the 13th. The Caplan's went into their meeting with the Premier later in the afternoon on the 13th?

Mr. Wright: I had nothing to do with that.

Mr. Gillies: You had nothing to do with that? You weren't contacted and your opinion wasn't sought, leading up to that meeting?

Mr. Wright: No.

Mr. Gillies: I differentiate in response to other questions between a conflict of interest and a breach of the guidelines. I think it was in reply to Mr. Philip.

Could you elaborate on that? If that is a breach of the guidelines, then you have a conflict of interest? A breach of the guidelines is a conflict of interest?

Mr. Wright: Yes.

Mr. Gillies: But a perceived conflict of interest is not necessarily a breach of the guidelines? Were you -- you told us earlier you had been there 18 years?

Mr. Wright: Yes.

Mr. Gillies: Were you in this position or a related position during the McKeough conflict problem and resignation?

Mr. Wright: I probably was, but I forget the details of that.

Mr. Gillies: From what we know of that, what little any of us remember, would you characterise it more as a real concept or a perceived?

Mr. Wright: I don't remember the details of that.

Mr. Gillies: Thank you.

The Chairman: Mr. Polsinelli?

Mr. Polsinelli: It seems that the more I hear, the more complicated it becomes and I would appreciate it, sir, if you can review some of the chronology of events, but I want to settle in my own mind some of the things that have happened.

I understand from your testimony that you left with Caplan on June 24?

Mr. Wright: That's correct.

Mr. Polsinelli: And at that time, you gave him advice as to how to organize his affairs so that he would not be in a conflict situation?

Mr. Wright: I was not dealing at that time with any specific situation. I was just listing for me the areas of his business. He indicated the situation with Wyda, which I think was very recent, that Wyda became his client and he indicated that there was a retainer that he was successful. He would get a percentage of the equity or a percentage of the fund that was raised and I was asked as to how that fits in with the guidelines and then I gave my advise of the guidelines prohibiting him having the equity or getting a percentage of the funds that he raised, plus the fact that Mrs. Caplan should have no part in the decision.

I was not dealing with any specific factual situation.

Mr. Polsinelli: But to the best of your knowledge today, did he comply with the advice that you gave him?

Mr. Wright: Yes.

Mr. Polsinelli: And in your opinion, I take it, did not creat a conflict of interest?

Mr. Wright: That's correct.

Mr. Polsinelli: You also advised the Premier that he was not in a conflict at that point?

Mr. Wright: That's right.

Mr. Polsinelli: When you subsequently realized that there was a change in the remuneration to \$8,000.00 per monthly payment, at that point, did you feel that he was in the guidelines?

Mr. Wright: No, because the facts hadn't changed

June 25, 1986

with respect to the equity interest or a percentage and a prior agreement that he was to receive a certain percentage of fund from the Government.

In fact, it was a letter Tab I specifically excludes any remuneration from funding from the Government.

Mr. Polsinelli: Given all the information that we have to date, you have been fairly adamant in your testimony?

Mr. Wright: That's my opinion, yes.

Mr. Polsinelli: But because of the timing of the change of it, you must agree that there is a public perception that has been created that there was apparently conflict, whatever that might mean?

Mr. Wright: We won't be here if that wasn't so.

Mr. Polsinelli: There has been much discussion as to whether or not there is a perception test in the guidelines. That perception test, for a number of interpretations, some members of this Committee feel that is there is a perception of a conflict that, in fact, that creates an actual conflict, then therefore technically breach of the guidelines.

Is that your interpretation of it?

Mr. Wright: No.

Mr. Pope: Nobody else said that.

Mr. Polsinelli: That is not your interpretation?

Mr. Wright: No, because you have an appearance of a conflict does not mean that you have a breach of the guidelines. In other words, I have my view with respect to the perception as to why we are here and perhaps if there hadn't been the increase from two to \$8,000.00, we might no even be here.

Mr. Polsinelli: So, you would also agree that if a perception is created after a conflict, unless it were a real actual breach of the code of conduct that is outlined in the guidelines, that the Minister would not have to be resigned?

Mr. Wright: I have already said that I do not think that Mrs. Caplan had to resign because of the evidence as I knew it was that she had no breach of the guidelines. Furthermore, I have yet to see any evidence that Wyda received any money because of any favours given by Mrs. Caplan. She had absolutely nothing to do with the flow of the money from IDEA to Wyda.

I understand the reason that IDEA gave the money to Wyda because Wyda put before them a very good proposal.

Mr. Polsinelli: I am asking for your indulgence so that I have a clear understanding of your testimony.

Another question, Mr. Wright, we have much discussion circling around the interpretation of the exemption clause in the guidelines and I am also getting the impression that some member of this Committee felt that your interpretation that there was no conflict is based on interpretation of the exemption clause.

Would your opinion be the same?

Mr. Wright: Absolutely.

Mr. Polsinelli: Could you expand on that?

Mr. Wright: Basically, perhaps if I could summarize why I think there was no breach of the guidelines, in my view, would not fall within a contract of an agreement and we went through that earlier with respect to the definition of Section 10 of the Legislative Assembly Act.

This is not a contract or agreement with the Government. That's my view. And there was no interest, no equity interest, no interest in the fund which flows by way of remuneration based on a percentage of what he raised from

the Government, then there was no evidence of any political interference or any favoritism or any benefit connected with Mrs. Caplan being a Minister and then even if there had been an equity interest, in my respect, if you will, submission to you have any consideration to the exemption clause.

Mr. Polsinelli: So, you are saying if there had been an equity interest, that only in that type of situation would the exemption clause save the Caplan's, but since there was no equity participation in the company then even without exemption clause, even under the previous guidelines that the previous Government had, there would be no breach of the guidelines and no conflict?

Mr. Wright: That's correct. That's my opinion.

Mr. Polsinelli: I respect your opinion that the Government of Ontario called for at least ten years and the previous Government in that respect.

One final question, sir, the Summerville property owned in Ontario of the list that had to be filed listing the interest in companies, handled holdings, was that to be filed by the Ministers in the Parliamentary system as an individual declaration, or was it a joint declaration between husband and wife?

Mr. Wright: Joint. In other words, the list is owned by both husband and wife.

Mr. Polsinelli: So then, if we look at the file by the Catholics, and even though it says it is filed within the Honourable Caplan under Damaza Consultants Ltd., where it indicates there are two voting shares that indicates that we can't tell from this declaration who owns the voting shares?

Mr. Wright: In my view, with respect to the guidelines, it doesn't matter. Whoever the spouse is applies to the other spouse as far as the guidelines are concerned.

The Chairman: Ms. Fish?

Ms. Fish: There was a question asked about a rotation and maybe I should clear it up.

I am attempting to give everyone an opportunity who hasn't asked a question up to this point. I think that's fair, although we do have a numbers difference, as you can appreciate.

You said that you would normally include reasons in property and include it because of the nature?

Mr. Wright: No, I gave my opinion that the purchase of the plant and equipment was not a purchase of the land. The land was leased by the company, owned by someone else, and I did not think that that fell within the guidelines of purchasing land.

Ms. Fish: Would you normally consider it within the framework of interest?

Mr. Wright: I think I told Mr. Pope, yes.

Ms. Fish: Just to deal for a moment with the guidelines. I thought I heard you earlier to say that you would draw the conflict of interest within the guidelines. I thought I heard you most recently say that you would draw a distinction, perhaps I could ask the question this way: In your opinion, is it possible the conflict of interest to exist after the guidelines not to breach?

Mr. Wright: I guess there is an appearance of conflict of interest.

Ms. Fish: Is it possible there could be an actual conflict of interest and statement for the guidelines not to be breached?

Mr. Wright: I don't know what that situation would be. There may be a situation.

Ms. Fish: But in your view?

Mr. Wright: I think I would have to know what the actual facts of the conflict are. Maybe they may not come within the guidelines.

Ms. Fish: Did you say just a few minutes ago, did I correctly understand you to say that you would not grow a distinction between the conflict of interest and the breach of the guidelines, the guidelines breach conflict of interest?

Mr. Wright: I would think if you have a breach of the guidelines, you have a conflict of interest.

Ms. Fish: I will move on and ask you on the blind trust. How blind is blind?

Mr. Wright: Oh, I am -- nothing is perfect. Obviously, Cabinet Ministers have certain assets which he decides to put in a blind trust, knows what's there.

Ms. Fish: Would you accept the blind trust if there is a condition attached to the place within it that required no disposal that simply grows shares?

Mr. Wright: It is a frozen trust.

Ms. Fish: Would you accept that?

Mr. Wright: Yes, because the trust is the trust. He just administers it but has not authority to sell, but the settler has no input into how it's administered during the time of the point.

Ms. Fish: But if there is a very small number of shares from the company, then it is possible that if it is going into a blind trust, that the trust is not blind with respect to the company's files?

Mr. Wright: What are you implying? That because the Minister of Parliamentary Assistant know it is there, then he is going to do everything he can to make decisions

which helps the value of those shares while he has his appointment and when he gets out, then he benefits from it. I think you have to recognize that we are not in a perfect world, and as I said about three times now, you presume that the elective representatives are not in politics to have their own interests.

Ms. Fish: I think that's a presumption, but rather than coming back at me, I am trying to explore the extent to which the blind trust is accepted as blind and I want to ask you different questions of the example a company that only had a very few shares and those shares are frozen, and those shares are held by the Minister or a member of the Minister's family, it does strike me as not entirely blind in that sense, because if there is benefit that flows from the company, then it would be known by virtue. I take it that you disagree?

Mr. Wright: No, I don't disagree.

Ms. Fish: You agree?

Mr. Wright: Certainly.

Ms. Fish: Okay.

Mr. Wright: What I said is you don't have a perfect world and if you are going to put something in a blind trust, it is not perfect. Even though you make an agreement that you are not going to have any input, it doesn't mean that you are not making the phone calls to the trustee saying do this and do that.

If you want to get around something, you can, so no blind trust is perfect if somebody wants to get around it.

Ms. Fish: Perhaps we are talking about slightly different matters. I am dealing with the question of the size of the company as distinct from phoning a trustee. But I am mindful of the time, who have not had a chance to

question and so I will try and move quickly. I take it that some of the blind trusts aren't very blind. You dealt with that question of the class of business to receive a benefit and if I understood you, that was in the exchange that the class business in a particular case that IDEA Corp. is a single benefit.

How large would that class have to be before it completes the test of being a single class?

Mr. Wright: I don't think you can set any arbitrary number.

It depends on to whom does the program apply and those applying for it. That makes up your class, for example, if you have tourist proprietors then all of them can apply to the Ministry of Tourism for whatever grants they have with respect to tourism establishments.

Ms. Fish: So, I take it you don't really think it is a minimal size in the class?

Mr. Wright: Well --

Ms. Fish: That it could conceivably be a quite narrow and small class but as long as everyone in the class is able to do some thing in a case of the area discussion, and I believe to apply, and that's sufficient without question how large the class is?

Mr. Wright: I don't know. There are government programs which may apply in a very small class of persons or corporations.

Mr. Philip: The aero space industry, as an example?

Ms. Fish: Maybe I could take my final question by returning to the issue of the first retainer that Caplan had from \$2 to 8 thousand retainer. If I understood you correctly, you indicated that in your view the terms and conditions of that arrangement did not provide for, or breach the guidelines and was not a conflict of interest, is that correct.

Mr. Wright: That's right. In other words, as ever employee of the company is no different than any other employee of the company, simply receiving a wage for what he is doing.

Ms. Fish: My reading of page 3 of Mrs. Caplan's statements says :

"The final contract therefore provided for a

\$2,000 per month fee designed to cover expenses, plus upon the successful arrangement of financing, a \$50,000 payment on closing and a further payment following a formula on 5 percent of Wyda's profits in '87 and '88 up to a maximum of \$600,000."

Mr. Ward: Keep reading.

Ms. Fish: Would you like me to read the rest?

"This latter remuneration would not be paid if the financing originated from the Ontario government, its ministries or agencies. During this period, my husband pursued dozens of contacts with the federal government and private investors in Canada and the United States."

And is it your understanding that the contract, the term contract had removed the 5 percent of Wyda profit of any government financing?

Mr. Wright: My view is just simply from -- I forget where it is now -- is it tab I?

Mr. Pope: H.

Mr. Wright: There was not to be any relationship between what Mr. Caplan received as a remuneration in relation to the government funding.

Mr. Polsinelli: Page 12?

Ms. Fish: I am inclined to understand. In your knowledge of these arrangements, Mr. Caplan was receiving only \$2,000 a month or, was he, to the best of your knowledge, also receiving a \$50,000 and/or a 5 percent of Wyda's profits in '87 and '88 to a maximum of \$67,000?

Mr. Wright: I have no knowledge of that. You should direct that question to Mr. Caplan. I had no

input into any arrangement, any specific financial arrangement with Wyda and Mr. Caplan.

Ms. Fish: But when you gave the advice, that in your opinion, a relationship received in the guidelines was your assumption?

Mr. Wright: My assumption was that he was only on a retainer with respect to funds he received from the government. There is no percentage and no percentage of profits or money received. They had no equity.

Ms. Fish: In other words, if I may, your assumption was that he was on a \$2,000 monthly payment.

Mr. Wright: That retainer was for private financing as well.

Ms. Fish: The reason that there is discretion crossing my face is, I am inclined to ascertain whether you assume that Mr. Caplan's arrangement would contemplate receiving 5 percent of Wyda's profits in '87 and '88 under the arrangement that we have. Did you assume that that was part of his arrangement or did he assume it was not part of his arrangement.

Mr. Wright: I assumed that whatever he received had no connection with moneys received from the government.

Ms. Fish: Do you feel that if he had financing, it might affect the profitability with the Company.

Mr. Wright: Any grant received.

Ms. Fish: Based on that, what you feel, a percentage of profit could not be taken under the guidelines that that government loan had already provided and that financing would affect profitability?

Mr. Wright: I made my opinion on the basis that there would be no connection between the amount of money raised from the government, his remuneration; in other words, there was no agreement that if I raised so much from government I get so much from Wyda.

Ms. Fish: I hear that clearly. Did you also make your advice, base your advice on the assumption Mr. Caplan would not be receiving 5 percent of Wyda's profits in '87 and '88?

Mr. Wright: I believe I did, yes.

Ms. Fish: So that your understanding was that he was on a flat \$2,000 a month retainer from Wyda.

Mr. Wright: No, he had other arrangements with respect to that other than government financing.

Ms. Fish: And the arrangement you understood him to have he was to receive 5 percent of Wyda's profits in '87 and '88, would that be fair?

Mr. Wright: I am not sure whether this information is from the same source.

Ms. Fish: The information I am reading to you is quoted from Mrs. Kaplan's statement.

Mr. Wright: I have nothing to do with Mrs. Kaplan's statement, Miss Fish.

Ms. Fish: I wasn't suggesting you were. I am trying to explore your understanding of Mr. Caplan's relationship to Wyda and the basis upon which you made your judgment that there was no conflict. Did you say that you had no knowledge that he was receiving 5 percent of Wyda's profit in '87 and '88.

Mr. Wright: I am not sure whether I did or

June 25, 1986

not. I was referring to the January 31, the 5 percent of Wyda was in relation to the private financing and specifically in dealings with the Ontario government.

Ms. Fish: Perhaps you could share with me some exploration of how 5 percent of Wyda's profits in '87 and '88 be taken without any reference to the government financing and government, less 50 percent of the financing and must surely be directly associated to the issue of profitability.

Mr. Wright: And that's possible, yes.

Ms. Fish: Would that be the case in your opinion where the guidelines were breached?

Mr. Wright: In my view, no, because my original opinion was that couldn't have related to the retainer or prior agreement, that he would receive a percentage of what he already got from the government. It did not relate to the question of whether the Company's profits might increase by reason of government grants and I am not even sure because, as I understand it, the second round financing never materialized.

In any event, the only money that they received was from the government and therefore this would never have kicked in in the first place.

Ms. Fish: I am out of time, so that's the end of my discussion.

The Chairman: Mr. McGuigan.

Mr. McGuigan: Mr. Wright, I am interested in the line of questioning of playing the field in the company, and the Company coming to the IDEA Corporation saying, and I have the idea and that idea was somebodys job or trade and the taxes and everything else from it, but it is new and has been tried and therefore we are coming to IDEA Corporation. What would happen if IDEA Corporation

was -- that's fine and take your idea and 3 fold and advertise it and we will ask all funds coming in and bid on it to see whether or not they can do it for 2 and 3 quarters of a million dollars.

Mr. Pope: That is not what I said and I object to it being put that way.

Mr. McGuigan: That's what I understood it to be.

Mr. Pope: The Treasurer closed down in October. In October in a public statement, you can't tell me that any other computer company in this province knew that there was money available.

Mr. McGuigan: My misunderstanding. I am sorry.

Mr. Pope: Come on, he knew it was closed down.

Mr. McGuigan: It certainly was.

Mr. Pope: Oh no, is everyone supposed to believe that the Treasurer knows what is happening in his budget.

The Chairman: Order please.

Mr. McGuigan: That is my submission.

Mr. Wright: I think I have forgotten the question.

Mr. Wildman: the question, do you have an idea or have a proprietary interest in it?

Mr. McGuigan: Does the government, with an obligation to advertise a proposal so that other people could bid on the same proposal?

Mr. Wright: I am not sure this was the way that the IDEA Corporation operated.

Mr. Wildman: that is an under statement.

Mr. Wright: I don't think it was a tendering process. I think they looked at a proposal which they thought were good proposals and looked successful and had a criteria which I don't know what the criteria was but it wasn't a tendering process. In other words, the government didn't come up with the idea and say how much we set this up for tendering with you, it was the Company to come forward with good business projects which looked successful and then the IDEA Corporation would determine whether it looked viable and then release some funds.

Mr. McGuigan: Thank you.

The Chairman: We are ready to begin the second round here. Mr. Bell still didn't complete the questioning. I am just wondering if the committee wishes to see Mr. Bell finish his questioning at this stage and then go back for the second round?

--- All In Favour.

The Chairman: Mr. Bell.

Mr. Bell: I have a couple of questions and I will tie them off first.

Mr. Write, I am not going to go over what we discussed already. Your position was made clear through the previous speakers and through Mr. Caplan this morning and through your self this afternoon and this evening, that your opinion is still, no breach guidelines, i.e., no conflict of interest.

You made it very clear on a number of occasions that you gave opinion on the facts that were available to you in the manner that you have today, sir, that you have expressed today, no breach of the guidelines, to the facts that your relying upon in support of that opinion, including the date that they are claiming their

renumeration from 2 to \$8,000.

Mr. Wright: I think you have indicated at the time it was unfortunate because there was a perception that there must be some connection.

Mr. Bell: I don't want to get into perception right now.

Mr. Gillies: Just be sure that there is not.

Mr. Bell: I think it is on the record as perception and time but I want to know, based on your opinion today, on a certain set the facts, right?

Mr. Wright: Yes.

Mr. Bell: Those facts include the date that the agreement was reached between Wyda and Mr. Caplan for the changing of the actual date?

Mr. Wright: Yes.

Mr. Bell: All right. Do they include the reasons for the change?

Mr. Wright: No. I think I indicated that I did not know what the reasons were for the change.

Mr. Bell: Do they include the source of the increased funds where Wyda gets money to pay the increase?

Mr. Wright: I don't know that.

Mr. Bell: Do you know that?

Mr. Bell: No. Do the facts include the reason that the remuneration ceased or terminated.

Mr. Wright: No.

Mr. Bell: Do they include the reasons that Mr. Caplan terminated his association with Wyda.

Mr. Wright: No.

Mr. Bell: But all those doctors seem to strengthen my opinion, but you don't know what they are?

Mr. Wright: No.

Mr. Bell: Do they include the view held by the IDEA Corporation as for the increase?

Mr. Wright: I don't know what that view is.

Mr. Bell: You are absolutely correct, opinion is not facts that you relied upon, do not include those facts whatever they maybe?

Mr. Wright: Yes, that's right.

Mr. Bell: Now, I think the best way to complete the question of the public perception test, and to what extent it is part of the guidelines, is this way, and forgive me, I am going to read to you a part of the decision of Mr. Justice Holland of the High Court of Justice Decision.

Now, it is a conflict of interest, it is a different act on a different test, different consequences but the Lordship poses a standard. Are you familiar with that decision?

Mr. Wright: No, I am not.

Mr. Bell: He says this -- in determining. Whether or not a conflict exists in the circumstances of this case and general circumstances, because, bear in mind, the divisional court is the court of last resort for the municipal act and it is very important to the divisional

court that it deals with the matters coming before it that way. His Lordship says at page 522 of that decision, the question that must be asked and answered is:

"Does the matter to be voted upon have a potential to effect the pecuniary interests of the municipal count that that issue puts ..."

he then says: :

"It is of no consequence in my opinion what the nature of the effect might be or otherwise in order when the interest will have the effect of increasing an interest only improving an interest or of changing an interest. So long as this is an important part, so long as it may be seen by the public to effect that pecuniary interest."

My question is simply, is that test, as long as it may be seen by the public effect that pecuniary interest, is that test part of the guidelines in your opinion?

Mr. Wright: I think it is a totally different situation because I don't know what the facts are there but presumably he did not clarify interest in and around the voting.

Mr. Bell: Just as a statement that was?

Mr. Wright: I don't think you can transfer those fact situations into this fact situation.

Mr. Bell: I am not trying to transfer that situation, I am not transferring anything. I want your answer to a test that he posed?

Mr. Wright: That does not apply in my view.

Mr. Bell: Now, can we turn to your material. And may I try to -- can we go through the material and complete the record as to what it is and members could you turn to tab H. I am going to take Mr. Wright through this

as quickly as I can. You, I understand get advise in some way in respect of the guidelines, is that correct?

Mr. Wright: And I said earlier I am not sure that I have ever spoken to Mrs. Caplan. It may all have been via correspondence.

Mr. Bell: You have dealings with Mrs. Caplan in respect of the guidelines?

Mr. Wright: Yes, the correspondence.

Mr. Bell: If we look at those, and this is relevant to the questions put to you earlier, as per the filings and the contents, if you look at the second page of your material, that a letter from Caplan to yourself, December 13th, 1985?

Mr. Wright: Yes, I see that.

Mr. Bell: Is it your recollection that that is the first occasion you had dealings with her as per the guidelines.

Mr. Wright: I suspect that the forms which are dated October 15th, or sent in prior to the December 13th period.

Mr. Bell: And the forms that you refer to are those that are on the third, 4th, and 5th page of your material.

Mr. Wright: Yes, dated October 15th.

Mr. Bell: Might we assume for the committees purposes, can you tell us when you believe you received those filings in relation to their date?

Mr. Wright: I can't say accurately, it must have been shortly after that period.

Mr. Bell: Was there a place where filings were made with your office, or recorded as per receipt and time?

Mr. Wright: There should have been a date stamped on them but I don't see any date stamp on them.

Mr. Bell: Do you have a way of determining in your office when you received that?

Mr. Wright: If there was a date stamp on it, like there usually is, like the letter of December 13th had a date stamp on it, as of the 19th, or the 19th.

Mr. Bell: But I am talking about the filings on page 3, 4, and 5. Is there any way you can determine through your office when you received those?

Mr. Wright: I can look, I have the file here.

Mr. Bell: Well, let's not take time now but maybe at your first opportunity you might make inquiries and give any information you can provide to us either on the Record or through the clerk.

Mr. Wright: I have no information, it may have been that December 13 letter because that's the only document that has the date stamp on it.

Mr. Bell: This material is a little bit out of order. Will you turn to the next 2 pages which is your letter to Mrs. Caplan sent the 23rd.

Mr. Wright: That would have been my first correspondence with it.

Mr. Bell: All right. I take it that this was one of those classic times where we can blame the word

processor because I am trying to ask you how Mrs. Caplan complied with the obligation in her life file. In any event, there are two things that are referred to in this document, one of which probably is not that important. The 4th paragraph on the first page, you increased the format.

Mr. Wright: Yes.

Mr. Bell: Can you tell us what that is and where it is in your material?

Mr. Wright: No, it wouldn't be here. It is similar to the -- basically what she has done is typed up her own forms using my own format.

Mr. Bell: Do we take it that in substance, her forms and yours are the same?

Mr. Wright: Exactly the same.

Mr. Bell: The suggested trust agreement applies for blind trust.

Mr. Wright: Yes.

Mr. Bell: Would you provide us with a copy of the document that you referred to?

Mr. Wright: Copy of blind trust, yes.

Mr. Bell: Thank you. Second page of the last paragraph, Mr. Wright, you invite a telephone call for assistance. Was any such call received by you from Mrs. Caplan or anybody on her behalf?

Mr. Wright: I don't recall.

Mr. Bell: Now, next document in the material is a letter from you again to Mrs. Caplan, January 6th of '86.

Mr. Wright: Yes.

Mr. Bell: Again, you enclose a conflict of interest disclosure, presumably disclosure.

Mr. Wright: It is not attached to the letter.

Mr. Bell: Do we take it, it is the same type of form that you sent to her earlier.

Mr. Wright: No, it is the form that follows. In other words, that's the compilation of the material from her forms, which would then be filed with the clerk, and my procedure was to try and be as accurate as possible when I transferred the information from the form on to this form and I sent it to the minister saying:

"Please review this, is it accurate, if it isn't get back to me because that's the reason for the note on the bottom of the January 6th letter with respect to a couple of typographical errors."

Mr. Bell: And the typo errors, whatever the errors are, it should be shown as active and that's reflected in the company documents and it is a matter of description of the property.

Do I understand the process, where did you get the information that you included in her disclosure form from?

Mr. Wright: The forms which she sent me?

Mr. Bell: Those dated October the 15th?

Mr. Wright: Yes.

Mr. Bell: Is there a reason why or what is the reason why the forms sent by her to you are dated October 15th and your disclosure form book to her is January the 6th?

Mr. Wright: I was waiting until I got all of the Ministers in Parliamentary Assistant's done and then send them all out at the same time.

Mr. Bell: In other words, you wanted to try and file them all at the same time, but didn't want to do it piecemeal, do it all together, if possible.

Mr. Wright: Yes.

Mr. Bell: I believe that completes it. -- I am sorry, there is one more question.

May we look at the second page from that filing, a letter from Mrs. Caplan, March the 3rd, 1986?

Mr. Wright: Yes.

Mr. Bell: She sets out for you information which requires an amended file?

Mr. Wright: That's correct, the new interest in Taurus Metal Trading Corp.

Mr. Bell: And what you did in response to that, the very day after you received it, was to provide the Secretary of the Cabinet with an amended closure form reflecting the additional company?

June 25, 1986

Mr. Wright: That's correct.

Mr. Bell: May we then turn to the material, remaining material that deals with Mr. Caplan and starting with the first page, you told Mr. Pope that your first meeting was on the 24th of June, 1985, Mr. Wright?

Mr. Wright: That's correct.

Mr. Bell: May we take it, Mr. Wright, that from the date on the third line, that note right beside Mr. Caplan's name, down to the bottom of the page, there is information that Mr. Caplan gave you at that meeting?

Mr. Wright: That's correct.

Mr. Bell: Can you confirm that Mary Eberts was also in attendance at that meeting? My information is that she was.

Mr. Wright: She tells me she was. My notes do not indicate that she was, but I think she was.

Mr. Bell: And we have already had questions as for the shareholdings of Damaza.

Now, you understand why this Assistant discloses to you that it is a present client?

Mr. Wright: Yes.

Mr. Bell: And is looking for all kinds of financing. What did you understand the next line, Government incentive funds to mean?

Mr. Wright: That was Federal Government, Provincial Government, any Government funds that might be available to a business like Wyda.

Mr. Bell: Now, the second line down from that one, more Government programmes, Provincial and Federal, that refer to the same type of thing?

Mr. Wright: Yes.

Mr. Bell: And did he indicate to you the IDEA Corp.?

Mr. Wright: I believe he did and the Ontario development would be the kinds of sources.

Mr. Bell: Did he describe to you at that meeting any plans that he or Wyda then had as for application for the IDEA Corp.?

Mr. Wright: No.

Mr. Bell: Then it goes down to explain the term of the retainer then existing?

Mr. Wright: That's correct.

Mr. Bell: All right. I am going to ask you to turn briefly to Tab H, if you would?

I am sorry, just bear with me. All right. That's the first occasion. The next occasion you dealt with Mr. Caplan was in February, '86 and that, Members, if you go to Page 10 of the material.

Mr. Wright: What tab?

Mr. Bell: Your tab, Page 10, your February 26th note.

Mr. Wright: Yes.

Mr. Bell: Obviously, you had a meeting with him?

Mr. Wright: Yes.

Mr. Bell: He had two issues that he wanted to discuss with you and get advice on. Building the hotel on Huntsville property and the new company purchasing existing scrap metal business and you make a note that you are going

June 25, 1986

to be provided with certain details?

Mr. Wright: Yes.

Mr. Bell: Would you turn to the next tab, Tab I, and I can't give you a page reference but would you find in that material Mr. Caplan's letter to you dated March the 3rd, 1986?

Mr. Wright: Yes.

Mr. Bell: Do you have that letter?

Mr. Wright: Yes.

Mr. Bell: Members, would you all turn to that letter.

Mr. Wright: About seven pages in.

Mr. Bell: For the record, Mr. Wright, you have a copy in your file of the following letter, your other letter to him, March 5, don't you?

Mr. Wright: Yes.

Mr. Bell: And I asked you not to give that to me because I already had it from another source.

I am completing the record as per what's in your file.

Mr. Wright: Yes.

Mr. Bell: Does the March 3rd letter in Tab I, Page 7, represent the details that he provided you with?

Mr. Wright: March 3rd letter, yes.

Mr. Bell: Did you obtain any other details from him or any other source before you gave your opinion of March 5?

Mr. Wright: No, I didn't.

Mr. Bell: Under Item 2, this is contemplating investing in the equity of a scrap metal brokerage company?

Mr. Wright: Yes.

Mr. Bell: He then says the firm is negotiating for the purpose of an aluminum dross recovery plant in Ontario, then the last sentence of that paragraph is:

"If the brokerage firm is successful in buying the recovery plant, it may apply to various Ontario Government agencies, such as the Ontario Development Corporation for grants or loans under their financial assistance programme."

And that is what he seeks your advice on?

Mr. Wright: Yes.

Mr. Bell: And then your letter, and I will do it this way, if you go to the second page, Item No. 2, is you addressed his Item No. 2 and we have already talked about what you said as per the first few paragraphs of that, ie., interest in land, but if you turn over to Page 3, can you confirm that is your opinion to him as for his request advice on the then-stated intention to apply to the various Governmental agencies?

Mr. Wright: Yes.

Mr. Bell: And what you say is you got a look at the comments on Situation 1 and returned to those comments and can you confirm that your opinion is, in effect, a reference to the exception?

Mr. Wright: Correct.

Mr. Bell: Or to the blind trust?

Mr. Wright: Right.

Mr. Bell: Now, we know the blind trust option was not exercised?

Mr. Wright: That's correct.

Mr. Bell: So, we are left with the exception opinion?

Mr. Wright: That's right.

Mr. Bell: Now, just dealing with that opinion for a moment, does that opinion have application to the circumstances involving why then in it's application for pay development?

Mr. Wright: No, because in both of those situations, there is an equity interest in why the Caplan's had no equity.

Mr. Bell: Now, the last item, Mr. Wright, second last testimony, Mr. Wright, your involvement as for the investigative team that Mr. Carman struct at the Minister, and you were present today and heard Mr. Carman's testimony?

Mr. Wright: Yes.

Mr. Bell: He made reference to some members of that team having access to and reviewing certain documentation provided by IDEA Corp.?

Mr. Wright: Yes.

Mr. Bell: Were you one of those persons that reviewed those documents?

Mr. Wright: There were files of IDEA there, yes. The discussions back and forth.

Mr. Bell: Did you review the documents?

Mr. Wright: I reviewed some of them, yes.

Mr. Bell: What type of documents did you review?

Mr. Wright: I can't tell you specifically.

Mr. Bell: Did you take any copies of any documents?

Mr. Wright: No.

Mr. Bell: Did you make any notes on your review of any document claim?

Mr. Wright: No, I didn't.

Mr. Bell: Is that fair to say that your involvement was limited to the legal opinion that was contained in the Premier's statement?

Mr. Wright: Basically, yes, in other words, what advice I had given prior to that meeting and then what was my advice based on the facts that we had at that meeting.

Mr. Bell: Were you one of the persons that attended the meeting in the Premier's office with the Caplan's?

Mr. Wright: No, I was not.

Mr. Bell: Now, I understand this from Mr. Robinette's material, which is Tab J, and particularly the first tab, 1 of Tab J, that you, of course, involved, together with John Pakach, Assistant Deputy Attorney General?

Mr. Wright: Yes.

Mr. Bell: And Randall Dick drafted the guidelines with respect to Deputy Ministers?

Mr. Wright: Yes, that's true. The guidelines that have been referred to is Draft No. 4.

Mr. Bell: And we have looked at those. I take the tone of some of your answers earlier to mean an agreement or your part that Deputy Ministers should have conflict of interest guidelines provided to them, is that a fair statement?

Mr. Wright: Well, they have conflict of interest guidelines under the Public Services Act which says if you are in conflict of interest to bring it to the attention of your Minister, if you are a civil servant, you bring it to the attention of the Deputy Minister.

It is a question, once again, as to how much regulation that you want and are you setting up a whole lot of paper flow, etcetera, and what are you going to get out of it when the experience seems nobody other than the Deputy Ministers of the Province function in exemplary way for years and years and do you really need now to place something upon them that says you have to disclose your assets, somebody else is going to take along at that where if you have a conflict to bring it to their attention.

In any event, I am just saying it is necessary to come up with something which may basically comply, have a whole series of paper flowing back and forth for what purpose.

Mr. Bell: We might be able to save ourselves some time.

Would you turn to Tab 7 of Mr. Robinette's material. Do you have that?

Mr. Wright: That's the blind trust?

Mr. Bell: Is that the blind trust agreement that he has referred to in your letter?

Mr. Wright: Yes.

Mr. Bell: And this determines the forms of the disclosure statements that you sent to Mrs. Caplan, are the

documents that are attached to that?

Mr. Wright: That's correct.

Mr. Bell: All right. The last issue, the fourth issue, Mr. Wright, which this Committee has adopted in relevance with the proceedings, and you have a copy of those, have to do -- this question has already been asked and you said you didn't have an opinion on that, I am sorry.

Mr. Wildman: I asked, and he didn't have an answer.

Mr. Bell: I don't have any further questions.

The Chairman: We have authority to sit until 10:30. We have four members who have indicated an interest in asking additional questions. I am wondering whether we require Mr. Wright to return to appear before the Committee at a future date?

Shall we finish the questioning?

--- Unanimous consent to finish the questioning.

The Chairman: Okay, Mr. Pope?

Mr. Pope: On the 24th of June, 1985, is this your notes would have Mr. Caplan told you on that date?

Mr. Wright: Yes.

Mr. Pope: Did you make them on that day?

Mr. Wright: Yes.

Mr. Pope: And on that day, Mr. Caplan told you that he owned two shares of this company and his wife owned one share?

Mr. Wright: That's what the note says.

June 25, 1986

Mr. Pope: So, as far as you know, that's what he told you?

Mr. Wright: If I wrote it down accurately, yes.

Mr. Pope: And he was President and his wife was the Secretary?

Mr. Wright: That's what the note says.

Mr. Pope: He was the president in the financial consultant business?

Mr. Wright: Yes.

Mr. Pope: And Wyda was already a client at the time that Mr. Caplan owned the shares?

Mr. Wright: I think that Wyda was a very recent client.

Mr. Pope: But it was a client?

Mr. Wright: Yes.

Mr. Pope: Based on that information, Mr. Caplan gave you at the time that his wife owned the shares and was an officer of the company?

Mr. Wright: Yes.

Mr. Wright: Are you talking about Wyda?

Mr. Pope: No, Damaza Consultants Limited had a client at the time Mr. Caplan owned a share in the company.

Mr. Wright: I don't think there was any -- there may have been preliminary discussions with Mr. Caplan. I don't think there was any agreement between Damaza and Wyda at that time.

Mr. Pope: But he represented to you that Wyda was the appropriate client?

Mr. Wright: Right.

Mr. Pope: He represented to you that at that time he had Wyda as a present client, and that Mrs. Caplan was a secretary and owned a share in the company that he was embarking on behalf of for government financing?

Mr. Wright: Along with other financing.

Mr. Pope: I will go to the next point. This is information given to you, there is a little note on the lefthand side of the page. Is that information he gave to you or is that information you gave to him?

Mr. Wright: That information is in order that he may only receive equity rather than a percentage.

Mr. Pope: On the righthand side it says:
"If successful, percentage of amount raised plus
percentage of equity in Wyda, 5 per cent".
That's the information he gave to you; is that right?

Mr. Wright: Yes.

Mr. Pope: And what does the note on the lefthand side mean?

Mr. Wright: It means that he may only receive one or the other.

Mr. Pope: Is that advice you gave to him?

Mr. Wright: No.

Mr. Pope: "Received percentage and no equity"?

Mr. Wright: In other words, the agreement may be that he would receive only a percentage and no equity.

Mr. Pope: That isn't what he said on the righthand side, according to your notes.

Mr. Wright: What difference does it make with respect to the advice that I gave him?

Mr. Pope: I want to know if you noted your advice on the lefthand side?

Mr. Wright: That's not my advice. What I'm saying to you is I do not think that there was any kind of agreement at that time between him and Wyda. They had oral discussions and nothing was settled.

Mr. Pope: So he was clarifying on the note on the left what you have originally understood on the right?

Mr. Wright: Right. In other words, I think maybe at that particular time I said, you can't have any equity. He will said he would only get a percentage and my advice was he couldn't even do that.

Mr. Pope: Did advise him with respect to whether or not it was proper to have a client relationship with Wyda Systems at the time his wife owned a share in the company?

Mr. Wright: That was never discussed.

Mr. Pope: Never offered an opinion or advice on that?

Mr. Polsinelli: It didn't matter.

Mr. Pope: Did you not give advice on that particular item?

Mr. Wright: She would be the one subject to the guidelines and he would be caught by them.

Mr. Pope: You took note at this meeting that you were advised by Mr. Caplan that Mrs. Caplan owned a share and subsequently in the filing she owned no share. Didn't you want to resolve in your mind what happened to the share?

Mr. Wright: This is the first time I have noticed the fact that there is a discrepancy of one share. My notes may very well be wrong because when I sent the disclosure form back to Mrs. Caplan asking her if it is accurate it came back that that is still two shares.

For the sake of one share, it may be that somebody has forgotten to put three instead of two.

Mr. Gillies: If it is one third of the company we don't know yet.

Mr. Pope: There is no explanation?

Mr. Polsinelli: What's the difference whether they own two thirds?

Mr. Pope: On January 6, 1986 in the letter from yourself to Mr. Caplan, January 6, 1986, at the bottom of that there is a note of a telephone call to the Caplans' office and it indicates that there are two errors in the disclosure part of lot 20 and part of lot 10. You said that you filed with us all of your documents. You show me where in the documents Damaza is said to be inactive and where the lot 10 is indicated on the documents?

Mr. Wright: Probably in the file. I have Tab 1. That's crossed out as being inactive and changed to active. Is that important to you?

Mr. Pope: No.

Mr. Wright: What I tried to do was give the Committee the things which were important and the note says that changes were made.

Mr. Pope: Yes. Is there any other document that you have that we don't have?

Mr. Wright: I have already told you that.

Mr. Pope: And with respect to the lot number and with respect to the active notation, those are both correct?

Mr. Wright: Those are both correct.

Mr. Pope: We have the correct version?

Mr. Wright: You have the correct version.

Mr. Pope: There is no other version?

Mr. Wright: No.

Mr. Pope: The three tests that you indicated just recently with respect to what you consider is no contract with the government, no remuneration link to a contract with the government and no political interference with no favouritism?

Mr. Wright: Plus no equity.

Mr. Pope: Can you indicate what research or information you sought to obtain the results to those four tests?

Mr. Wright: Just the information that I had from whatever meetings that we had in making this statement itself,

Mr. Pope: Plus what Mr. Caplan has told me, that he had no equity in the company. It is my interpretation that from what you have already given me it is not within breach?

Mr. Wright: I have seen no evidence of any political interference or favourtism.

Mr. Pope: I don't suggest that you have seen evidence. Do you have any pro-active role in seeking out information for seeking assurances, in your opinion?

Mr. Wright: I can only give my opinion on the facts that I have at any particular time.

Mr. Pope: My question is: Do you see yourself as having a pro-active role in obtaining information for the government to satisfy those, or do you respond with your opinion based on the information given you?

Mr. Wright: Yes.

Mr. Pope: So the fact is you have received no information and sought no information with respect to favourtism, political interference, remuneration link to the obtaining of the contract? There was no information given to you and, therefore, you offer the opinion on that basis?

Mr. Wright: Yes.

Mr. Pope: Okay, thank you.

The Chairman: Mr. Philip?

Mr. Philip: I just have one question on your opinion on this. Would you just agree with this? I will just read to you, and it is no secret, from the Federal Conflict of Interest in Post-Employment Code of the public office holders which came into effect January 1st, 1986. Would you agree or disagree with this: That it does not remove the individual officer holders of their responsibility to take such additional action as may be

necessary to prevent real or potential or apparent conflicts of interest. Would you agree or disagree with that as the test or as a statement?

Mr. Wright: It is similar to the statement that you referred to in the Deputy Ministers' guidelines. It is a question of the perception.

Mr. Philip: So, it is not just the Deputy Minister's guidelines which you appear to have some disagreement with, it is also the Federal Government's guidelines that you seem to be in disagreement with and in answer to the previous question, the fact you say that in developing your own four points of guidelines you didn't rely on any additional opinions or reserve other than your working with the system you want or with the cases as they arose?

Mr. Wright: I think what that asks for is a perfect system and if the exercise is to make the guidelines such that there is a perception and you are in breach of the guidelines, then so be it, but I think that is much too restrictive.

Mr. Wildman: Eric Nielsen, Deputy Prime Minister of Canada.

Mr. Philip: I have no further questions.

The Chairman: Mr. Epp?

Mr. Epp: One short question with respect to the amount of money that IDEA Corp. put into Wyda, I think there is approximately \$3 million?

Mr. Wright: I am not sure I ever heard that figure.

Mr. Epp: Are you aware that Wyda put in a greater amount than that?

Mr. Wright: No, I am not.

Mr. Epp: You are not aware of that?

Mr. Wright: No.

Mr. Epp: This is not the areas that Mr. Gillies was bounding on earlier with respect to the amount IDEA put in, there was a greater amount put in by Wyda, itself. So, there was a considerable amount of private money put in.

The Chairman: I think if I am interpreting the Chairman's notes correctly, I return to Mr. Ward.

Mr. Ward: Yes, Madame Chairman, somewhat to the discussion has revolved around the issue of perception and I just wanted to say, having filled out one of these forms as a member of this Committee, I can't say that I am comfortable with the guidelines as we have them, but notwithstanding that, I think you have done your best to interpret them for us. But getting back to the issue of perception and some of the questions that have been raised by other questions on perception.

I think when Mr. Gillies was here, he was reading Tab D, heading "The Honourable Eleanor Caplan", and assuming that those headings under Damaza Consultant indicated that she held two shares at the time of this present situation, that was to be a list of holdings and your spouse saw the guidelines apply regardless, going back to Tab I.

In reference to the shares that were held by Mrs. Caplan, according to Mr. Caplan, as of June 24, 1985, which indicates at that time she may have held one share.

By perception, you can come to several conclusions, one is that all of a sudden that one share mysteriously disappeared and there is a discrepancy or shortfall coming and another conclusion that you can come to, which I believe when Mrs. Caplan is asked, is that she perhaps based this share to be and that's a reasonable conclusion that one can come to, this and the fact that it's ignored creates an unfair perception. If we go on a little further, I think there is a valid made point, and that is if it were not for perception B, given the pressures nobody knew that IDEA Corp. existed.

IDEA Corp. listed as a Crown Agency that has financial assistance available to corporations that want to see it and that's a recent publication. So, going back to Mr. Bell's test and with the reference to the Municipal Conflict of Interest Act precedent that you quoted a lot of it from the Municipal background. You have to declare a

direct or indirect pecuniary interest from a Municipal Crown would disagree that those were the tests that were applied in this legislature which could not vote on Bill 94 in the Pharmacist Vote on Form 50, but that is not the test that's applied for in this legislature, and we can go and if the perception test and accusation is made because then you have a problem, it doesn't look good when an accusation is made and I think from quoting from some of the press reports, even the Premier indicated without going into specific names, and going through answers over the last two years, we had members of Government in 1983 accused of influencing a Cabinet decision, overturning a Board Hearing.

There was no resignation there and we had a Cabinet Minister constituency office. Again, it is new but again, just over the last two years, if I cite five or six example, but there was no conflict of guidelines. If we have a problem, it is with the guidelines.

Mr. Pope: Is that a question or an argument?

Mr. Ward: Do you not agree?

Mr. Pope: I rephrase the accusation about my brother.

The Chairman: We have a couple more members who still want to ask questions. Mr. Wildman?

Mr. Wildman: I just have a couple of short questions.

Am I correct in understanding that you maintained that agreement or loan by a Crown Corporation to a private corporation is not a contractual arrangement?

Mr. Wright: Yes.

Mr. Wildman: The other question I have relates to the June 10, 11, inquiry that was on behalf of the Premier by Mr. Caplan, and at that time, what, if any, contact

June 25, 1986

did you have with either or both of Mr. Caplan?

Mr. Wright: I believe I have said I have only two occasions on which I had contact with Mr. Caplan, therefore, the answer is I had no contact with Mr. Caplan after those dates.

The last one was March or February.

Mr. Wildman: That's what I anticipated you had confirmed and my next question, how can you, as part of that team, provide the opinion that there had been no contravention of the guidelines in the preparation when the team was preparing this statement for the Premier if you did not have all the facts, because earlier you said that you could only judge perception and/or real conflict if you had all the facts, how could you be certain you had all the facts if you did not contact the principals involved?

Mr. Wright: It was not my duty to contact the principals involved and I was giving an opinion based on the facts as they existed.

Mr. Wildman: So, it is not a pro-active approach. It is a re-active?

The Chairman: Mr. McGuigan, last question?

Mr. McGuigan: No.

Mr. Gillies: In return for the grant that the IDEA Corp. took equity, is that not true?

Mr. Wright: I don't know.

Mr. Gillies: If that is the case, presumably the arrangements to achieve that could have been put down on paper and agreed to by both parties but that's a contract? It is a sample agreement?

Mr. Bell: Mr. Wright says some contracts are covered by the guidelines. There are other contracts that

are not, but he dealt with that 37 hours ago.

The Chairman: We'll adjourn for the evening.
Take your binders home and we meet tomorrow morning to deal
with the Fire Safety Association.

Thank you very much, Mr. Wright, we appreciate you
spending this time with us.

--- Whereupon the Hearing is adjourned.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

SAFETY ASSOCIATIONS

THURSDAY, JUNE 26, 1986



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gordon, J. K. (Sudbury PC)

Harris, M. D. (Nipissing PC)

Philip, E. T. (Etobicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitution:

McGuigan, J. F. (Kent-Elgin L) for Mr. D. W. Smith

Also taking part:

Martel, E. W. (Sudbury East NDP)

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Witnesses:

From the Mines Accident Prevention Association Ontario:

Brailey, R. J., President

Isaac, E. W., Executive Director (incumbent)

Barkwell, J., Secretary-Treasurer

Coughlan, W. K., Executive Director (to replace incumbent)

From the Workers' Compensation Board:

Elgie, Dr. R., Chairman

From the Ministry of Labour:

Armstrong, T. E., Deputy Minister

Kummel, Dr. E., Director, Downsview Rehabilitation Centre

Gladstone, A., Program Development Unit Manager and Senior Policy Adviser

LEGISLATIVE ASSEMBLY OF ONTARIO
STANDING COMMITTEE ON PUBLIC ACCOUNTS

Thursday, June 26, 1986

The committee met at 10:15 a.m. in room 228.

SAFETY ASSOCIATIONS
(continued)

Mr. Chairman: The standing committee on public accounts will come to order. Could we get under way, please. I will ask the officials from the Mines Accident Prevention Association Ontario to come forward. We welcome you. Could you identify yourselves and the roles you play in the organization for the purposes of the record?

MINES ACCIDENT PREVENTION ASSOCIATION ONTARIO

Mr. Brailey: My name is Bob Brailey. I am the president of the Mines Accident Prevention Association Ontario. It gives me pleasure this morning to be the spokesman for this group. I will ask the other members of the group to introduce themselves.

Mr. Isaac: Ernie Isaac, executive director of MAPAO.

Mrs. Barkwell: I am Jocelyne Barkwell, secretary-treasurer of MAPAO.

Mr. Coughlan: My name is Bill Coughlan. I am the replacement for Mr. Isaac on his retirement.

Mr. Chairman: Thank you. Mr. Brailey, I understand you have a statement you are going to read. Please proceed.

Mr. Brailey: You have in your possession a copy of our 55th annual report, a copy of our first quarter statement of accounts and a little booklet introducing our services. This morning you were given a copy of the brief I will present here today.

The name of the association, the Mines Accident Prevention Association Ontario, is somewhat long. I will refer to it either as the association or as MAPAO. The association comprises an organization of seasoned accident prevention professionals and a support staff responsible through an executive director to a volunteer board of directors. The Occupational Health and Safety Education Authority of the Workers' Compensation Board provides functional guidance in areas of accounting and policy.

The organization's present structure was adopted in 1982 in response to a recommendation of the Burkett inquiry into mine safety that the MAPAO should be a body separate from the Ontario Mining Association and in conformity with the recommendations of an independent consultant we hired in 1981.

There are 15 seats on our board of directors, 13 of which are occupied by volunteers from the member companies and two by participants from labour. To indicate that our profile is somewhat different from some of the other associations, the member companies represented on the board employ some 90 per cent of the 28,500 persons at present engaged in the mining industry in Ontario.

Our budget is \$2.2 million. We employ 31 persons and we are engaged in health and safety education development and delivery, consultancy in the ventilation of mines, dust control, noise abatement, etc., and in the compilation and interpretation of the industry's health and safety statistics. It is interesting to note that our budget is four times that of the Ontario Mining Association, our sister trade association. This fact demonstrates the concern of our industry for the health and safety of our employees.

10:20 a.m.

The association provides a variety of general and specific programs of which the International Loss Control Institute five-star safety audit is gaining widespread use. Since 1982, MAPAO has encouraged the full adoption of this program throughout the mining industry in conjunction with other in-house and site-specific programs. MAPAO points to the attached graph of the mining industry's lost-time injury frequency as evidence of its success. The graph is found on the front cover of the submission and it covers the period from 1977 to date.

Favourable comparisons can be made between mining in Ontario and mining in the rest of Canada, North America and other mining jurisdictions. Most mines can and do avail themselves of the five-star audit program. One Ontario mine recently achieved five-star status, the highest status in this program, making it the fourth industrial establishment and the one and only mine in North America to have achieved that distinction. We continuously appraise the programs through a system of feedback from audience groups and make changes as required.

MAPAO's objectives are to ensure that its efforts, together with those of the mining companies and contractors, cause a continued downward trend in accidents and result in a deeper understanding and control of the factors that relate to occupational health. The association provides expert consultancy, courses and seminars in ventilation, dust, noise, designated substances and hazardous materials. It should be pointed out that in the industry, the crippling and killing miners' disease, silicosis, has been virtually eradicated.

A sudden unexplained increase in mining fatalities in 1980 prompted the commissioning of the Burkett inquiry into mine safety. We are concerned that, even though in the ensuing five years, total industry accident frequency has been halved, the fatalities have not been proportionately reduced. MAPAO has prepared a computer analysis of some 400 fatalities in North America in metal and nonmetal mines, the results of which are expected to indicate further areas of endeavour.

Our standing committee on safety is studying mine transportation systems to develop recommendations for accident prevention in that area. The standing committee on ground control is reviewing the report of the Stevenson committee and is expressing an early confidence that the recommendations are valid and reductions in accidents from cave-ins and falls of ground can be achieved.

One major recommendation following the Burkett inquiry was to improve the accident data base. To this end, together with the industry, we have designed a universal accident reporting form from which causal data may be derived. The forms are completed for all injuries that require medical attention and are sent to MAPAO for computer processing and analysis. The data base is two and a half years old and information is now available for individual company and industry-wide use.

We are proud that the form has been adopted by the government of British Columbia for use in its mines and that the federal government has requested our permission to adopt the form and our computer programs for promotion towards Canada-wide use in all mining jurisdictions. The form is recognized as having been instrumental in improving accident investigation in the industry.

The association clearly understands that its accountability is shared among its board of directors, the Occupational Health and Safety Education Authority of the Workers' Compensation Board and the general public through its elected representatives. It is subject to both functional and financial audits done by WCB internal audit teams, the most recent of which was completed about one year ago.

MAPAO also understands that the public accounts committee is concerned with the evaluation of the safety associations and their accountability. The best measure of the success of safety service organizations is difficult to establish, the real measure being the reduction of accidents. The associations's efforts are only one influencing factor among many.

MAPAO perceives a meaningful role for labour as being a role which offers labour an opportunity to influence significantly its activities and programs. It is of prime importance that the workers in the work force can relate to their individual and collective health and safety efforts as being genuine contributions. We encourage and support labour participation in our affairs and we have enlarged our board of directors to include two members from labour. It has also provided for participation in all its standing committees.

In closing, we wish to express our concern over the recent withdrawal of labour from public participation in our affairs. Those groups to which MAPAO is accountable can be assured the association will continue its efforts to have labour return to its board and committees. It looks forward to the contributions labour's representatives will make.

That concludes our contribution. We will be pleased to answer any questions.

Mr. Chairman: We appreciate that. We will lead off the questioning with Mr. Pope.

Mr. Pope: I want to thank you and your colleagues from MAPAO for being at the standing committee on public accounts today.

In the light of your presentation, I want to ask--is Dr. Elgie here yet? He is just outside.

Mr. Martel: You frightened him off.

Mr. Pope: He knows what I am going to ask about.

In the light of your presentation, are you satisfied that there has been a significant decrease in deaths and in injury with respect to lung disease in the mining industry? Are you satisfied with the distinctions that now exist in the Workers' Compensation Board with respect to chronic obstructive lung disease, emphysema, silicosis and all the artificial, out-of-date distinctions that are still used?

Mr. Brailey: Specifically, we are prepared to talk about silicosis. We have some figures to support the statement I made.

Mr. Pope: Are you saying that in the mining population of this province, there is only a normal incidence of chronic obstructive lung disease and emphysema?

Mr. Brailey: There have been a number of epidemiological studies done which indicate some concern in some sectors of our industry.

Mr. Pope: Having 3,500 workers' compensation files in my office in the mining community with most of them having a number of diagnoses of chronic obstructive lung disease and emphysema, as opposed to silicosis, with no medical basis for that distinction, no X-rays having been taken, no lung biopsies having been taken on the simple basis of listening to the heart beat and the sound of the lungs as air is inhaled and exhaled, I want to know whether you are satisfied with that state of affairs in medical examinations and the state of health of our miners in this province. I have the widows coming in.

Mr. Brailey: We have already said we are concerned with the fatalities we experience. We do not see a concomitant drop in fatalities that we see in lost-time accident frequency.

Mr. Pope: Let me put it another way. You are aware from your work of the distinction that is drawn for the purposes of compensation between chronic obstructive lung disease and emphysema on the one hand and silicosis on the other. You are aware of the controversy surrounding a diagnosis of silicosis and the varying medical opinions that now exist in Ontario among people such as Dr. Barrie, who almost entirely disagrees with the status quo of medical opinion in the Workers' Compensation Board with respect to what constitutes disability from silicosis and what does not.

Are you satisfied with the current state of affairs for the miners of this province?

Mr. Brailey: Let us deal with the one situation of silicosis. Mr. Coughlan has some statistics on that.

Mr. Coughlan: I have brought along the figures provided to us by the WCB indicating that it now has 2,111 active compensable claims. More significant is the fact that there is only one first-compensated case since 1965, and that was a first-exposure period some time in 1973. We have not had a newly compensated case of exposure since 1973. That is the basis for our statement that the disease is being eradicated in the industry.

10:30 a.m.

Mr. Pope: Do you have any information about the incidence of chronic obstructive lung disease and emphysema among the mining population as opposed to the population generally?

Mr. Brailey: In answer to that, Mr. Pope, our association deals with accident prevention, and its efforts are mainly directed in that area. In the areas directed towards the problems of occupational health, we are concerned with ventilation, teaching our member companies and helping them with their ventilation problems by cutting down on the amount of dust in the air.

We have funded studies and helped with studies to try to find out the components from the exhaust from diesel emissions underground that cause problems. There is still some doubt in this area. In the meantime, we have

proceeded to help our member companies to try different types of emission control devices to cut down the amount of emissions from vehicles. We are not a medical association and we do not have the capability of doing the sort of studies that address your concern.

Mr. Pope: I want to pursue this. May I ask Dr. Elgie to sit among us so he can get in on this discussion? He knows some of my concerns.

Mr. Martel: You have to swear him in.

Mr. Pope: I understand the progress you have made in ventilation. I am not denying that and I am not denying for a minute that you deserve some of the credit for that improvement and for the leadership you have shown in improving the situation. If it was taken that way, that is not the way I meant it.

I know you have played an important role, you have flagged the issue and you have shown leadership in the industry, along with the companies, in improving ventilation. You have a role in respect to safety by prevention of accidents in the mines, but does your role not also involve the occupational health of the miners who work in your industry?

As Dr. Elgie is aware, one of the things I have to voice some dissatisfaction with is when you say there has only been one case of silicosis in the past 15 to 20 years in this province. I want to know on what basis the distinction is made between silicosis and chronic obstructive lung disease and emphysema and why it is always the miner who ends up with a diagnosis from the doctors, either locally or from the WCB, of emphysema and chronic obstructive lung disease when there is very little objective medical evidence to substantiate the distinction that has been drawn to his detriment when it comes to getting a claim from the compensation board of Ontario?

Are you satisfied with that state of affairs? I have seen too many miners come in to my office after a doctor in my home town has listened to their heart beat and lungs and said: "You have chronic obstructive lung disease. That is the end of it. You do not qualify for compensation."

Mr. Brailey: It is not the position of our association to judge whether a disease is compensable. That is left to the compensation board. Our concern is what we are going to do to prevent further occurrence of lung disease.

We have indicated that by our programs of improved ventilation in mines we have been able to reduce significantly the incidence of silicosis, a disease with which we have some experience. There is always an area of disease which cannot be related to specific causes. As soon as those causes are hinted at, that is when our association will take action to educate and train our member companies.

Mr. Pope: I understand what you are saying and I know you have done that.

Mr. Martel: No, you do not believe that, do you?

Mr. Pope: Yes, I do.

Mr. Martel: You believe in the tooth fairy then.

Mr. Pope: No, I think you have to be fair in this. I want to know what efforts you have taken to deal with or understand the incidence of chronic obstructive lung disease and emphysema in the mining population.

If you want to turn to another example of a late-developing issue with our mining population, there was a federal study by the department of National Health and Welfare of the incidence of lung cancer among hard rock gold miners, which led to the Muller report. I would like to know what your role has been in the Muller report, and what conclusions the Muller report may draw about the relationship between mining as an occupation and lung-cancer deaths in the province of Ontario.

It is a similar situation. There was no recognition for some period of time of any linkage between lung cancer and mining. When the evidence started to come in, then there were the rulings with respect to Elliott Lake. Now there is some suggestion that it involves hard-rock gold mining as well, although it has not been proven. That is what Muller has to examine, and come to some conclusion about. The same issue and concern that led to those studies and the government's approach to the Muller report surely has to be present with respect to chronic obstructive lung disease and emphysema.

How can you restrict yourself just to some diagnosis, questionable at best, with respect to silicosis, and nothing else with respect to lung problems where miners are concerned. I know you are not saying that, but I am asking how can you just restrict it to silicosis, and be satisfied?

Mr. Isaac: To my knowledge, the Muller report has not been published yet. Dr. Muller has been working on this for a couple of years, and we as an association have given him every assistance that we can, in the way of retrieval of records from files and interpretation of various data, radiation measurements, asbestos fibre concentrations and so on.

We have given him every assistance we can. He is the expert. We do not have any medical staff on our association, and until something is proven, we do not know where to work. What we have done is to work where we do know there is work, and that is in silicosis, and in reduction of diesel emissions and so on.

The Muller silica study is also ongoing. All of these things are still ongoing. We have no reports to work on yet. We have heard lots of reports of people complaining of lung congestion and so on, but it is difficult for us to take any action until we know whether there is something we can do.

Mr. Pope: I agree, that you have given information to Dr. Muller, and to the government on request and have co-operated with them, but your role as an association has to do with both the safety and the occupational health of Ontario miners. There is an on-going controversy; where the mining population feels, with respect to lung cancer, emphysema, and what has been termed "chronic obstructive lung disease," that more often than not, when miners have a lung disability, they will not get compensation because of these artificial distinctions.

Mr. Brailey: It is not our job to make the distinction.

Mr. Pope: No it is not, but what do you see your role as being, in terms of being an advocate for the mining population of this province, in terms of this ongoing dispute with the Workman's Compensation Board and the government?

Mr. Brailey: I guess I am referring to the comment made earlier. Where we know that there is a definite cause, then we take every action to get around that problem. The problem is there are suspected causes, and we have been dealing with those suspected causes in the case of the supposed relationship between diesel emissions and obstructive lung disease.

We still do not have any hard evidence that in fact there is a relationship, but in the meantime, we have tried to develop better emission control devices, better burning engines, and better maintenance to reduce the number of possible causes.

10:40 a.m.

Mr. Pope: Do you take an advocacy role on behalf of the mining population of the province with the Workers' Compensation Board or the Ministry of Labour on any of these issues?

Mr. Brailey: We do not perceive that as our function.

Mr. Pope: Maybe I could ask Dr. Elgie if there is a review of the internal status quo medical opinions that distinguish chronic obstructive lung disease and emphysema from a silicosis diagnosis for the generally held differences in medical opinion between people like Dr. Barrie and others in the employ of the board?

Dr. Elgie: I would have to ask some of the medical people to comment on that. I apologize that some of them are not here today because it was our original understanding that we would not (inaudible).

Mr. Chairman: Could you speak closer to the microphone.

Dr. Elgie: Mr. Chairman, I apologize that all of the relevant staff are not here today, but it was my understanding following a conversation with you last week that we would not be here today. Unfortunately, Dr. Mitchell is out of town. I cannot answer that question directly but I can tell you, as you know, there is a division of responsibility in the area of occupational health and safety with the enforcement and identification of things. Some parts of it are delegated to the occupational health and safety division of the Ministry of Labour and some things are joint. We jointly fund certainly studies to identify causes of various diseases.

There is our role, which is in the role of prevention, occupational health and safety education, and compensation. In that role, I am the one who would not disagree with the first premise you are making, and that is that there needs to be--not that there is not already--a greater emphasis placed on occupational disease as opposed to accidents. It is for that reason, in the restructuring that is currently taking place in the board, the Occupational Health and Safety Education Authority will be in the same division as the medical division, and the new person who will be in charge of that whole combined policy of vocational rehab and medical occupational health and safety education authority will herself be an occupational disease physician. It is important for the safety associations to be working more closely with medical personnel. We are starting that process through the Occupational Health and Safety Education Authority.

I cannot give you a specific answer to your problem. However, I will see if I can get someone who can answer that. Is there anyone here who can answer that question? Could you come up here and identify yourself, please? Dr.

Kummel is the administrator of the Downsview Rehabilitation Centre. Dr. Mitchell, as I mentioned, is not here because we did not understand we would be coming until a couple of days ago. Dr. Kummel are you able to comment on Mr. Pope's question?

Dr. Kummel: I am not a pulmonary expert; nevertheless, from a 35-year experience and seeing patients of the nature you describe, I can only make some general statements. One is that you see a lot of people with what you call chronic obstructive lung disease and emphysema who have never seen a mine. I am not saying that to defuse your statement; I am saying that as a matter of medical fact. We see this in people who are suffering from asthma, heavy smokers and people who have had pulmonary infections. It is a common development. It usually occurs late in life. It is not a disease of a man of 30, unless he has had asthma from childhood on.

As to the connection between silicosis and emphysema, I have an opinion but it is not an expert opinion; therefore, I would rather not say.

Dr. Elgie: I would rather soon have the people who are dealing with that comment on it. I am afraid that cannot be arranged today, and I apologize for that.

Mr. Pope: That is okay. I wanted to put on record, and it is not an frontal criticism of the Mines Accident Prevention Association of Ontario, but I represent a mining community and I have miners who come into my constituency office, and I am not satisfied with the objective empirical basis of the diagnoses of the range of lung conditions from chronic obstructive lung disease through to lung cancer and everything in between. I am not satisfied with it.

Too often, if there is a reduction of lung capacity, it is diagnosed as chronic obstructive lung disease unless you can prove the contrary. I do not think that is a fair test that gives the miners of this province the benefit of the doubt.

Mr. Chairman: Mr. Pope, you will have to speak towards the microphone.

Mr. Pope: That is the position I am trying to put on the record for you. I think it is a common problem faced by those of us who represent mining communities. We are not satisfied with the different elements of the mine safety systems and occupational health systems for miners in the province extending all the way from the Workers' Compensation Board, through the Ministry of Labour, to this association.

It is not that there is any one person to blame. It is the consequence on the mining population of the province that concerns us more than someone's individual responsibility. My plea is for someone other than the provincial members of parliament to be an advocate and a spokesman for these miners.

Mr. Gillies: Because there is some dissatisfaction with the empirical evidence at this point, I wonder whether studies have been done, or are under way, to determine whether there is a correlation between obstructive lung disease and mining. In other words, I accept what you say; that is is a reasonably common ailment across the general population; but, it would be very helpful to know the correlation between the incidence across the general population and the incidence among miners.

Dr. Elgie: I am afraid I would have to get back to you with that information.

Mr. Martel: I think Bob Brailey really put his finger on the problem. The compensation board does not have medical staff to look at these things. It would be nice if the compensation board funded, to the unions, or to the workers in the province, sufficient funds to establish clinics; one in northeastern Ontario to deal with mining, where the miners could have doctors who would examine them immediately and try to assess what is causing those diseases.

Somewhat earlier, I said I was not sure if the mining industry was pushing hard enough. I have to remind you that when we cracked cancer in the sintering plant in Sudbury, we did not have a local doctor to help us. Not one. The doctors in Sudbury did not once offer to assist us. We had to get a doctor from Hamilton.

The only protection for workers is to have independently funded workers' clinics where workers could go to be tested and have all of the data assessed so we could ascertain sooner--

One might say that the same situation applied in Elliott Lake. Ministerial warnings from as far back as 1961 indicated there was potential time bomb ticking away at Elliott Lake and no one bothered to pay a hell of a lot of attention to it. We now have three people a month dying in the Elliott Lake area.

There is only one way to protect workers. That is to try to give them the types of clinics they can go to where the data can be assimilated and the presentations can be made to the government on behalf of workers.

I am sure, Bob, you would join me in saying that if the Mines Accident Prevention Association of Ontario gets \$2.2 million we should fund a clinic in the north for the same amount on behalf of those people who are in the other half of mining: the workers. That makes a logical extension in trying to reduce diseases in the mines.

Let me ask you a couple of questions now that I have done my little rhetorical (inaudible). I was hoping Tim Armstrong would--

Mr. Chairman: Excuse me. I do not believe Mr. Pope has finished his questions. I was simply allowing you--

10:50 a.m.

Mr. Martel: Pardon me.

Mr. Pope: In the light of the comments you heard this morning and in the light of other concerns you have heard expressed, would this association support the establishment of a medical research facility in a mining community in northern Ontario with respect to lung diseases, supported financially by the provincial and federal governments?

Mr. Brailey: Certainly. In as much as there is an element of unknown and uncertainty in this area, we would support research in the area of industrial diseases, no question.

Mr. Pope: On the basis that research and statistical studies have to

be done with respect to lung diseases in mining in this province, would you support the establishment of medical facilities through the Workers' Compensation Board in northern Ontario, instead of rolling it all into Downsview, on a regional basis to deal with the mining population of the province?

Mr. Brailey: As has been mentioned by the doctor, we may not be dealing with an industry-specific problem here. It is our job to deal with our industry. If we deal with an industry-wide problem, then there may be some other agency or association that should be concerned with this. We see our role, once it has been established that there is a causal relationship, to go right after the problem and put it right, and make sure the members we serve--our constituency--realize the problems and take action.

Mr. Martel: I had hoped the member for Cochrane South (Mr. Pope) would support me, not so much in asking for the federal and provincial governments to fund, but that out of the WCB funds we would provide clinics strategically located around the province, one for the pulp and paper industry, let us say, and one in the northeast for mining, where workers would go and be assessed. A couple of specialists could be hired and maybe a hygienist, and so on, and be able to prepare documentation. These would be worker controlled. I am very hard-headed about that, because the mining industry has some of its own clinics, none more than Falconbridge which has a facility for--

Mr. Brailey: I guess we would have trouble staffing any form of clinic at the moment.

Mr. Martel: I suspect many of them work and bill and still get paid while they are on strike.

I hope that is the direction in which we move, because a lot of things bother me. First, let me ask the mining people this. Have you people seen the second phase of Muller yet? Any of you?

Mr. Isaac: No.

Mr. Martel: Why is that such a sacred document that has been handed out to certain people but the very people affected, like the United Steelworkers cannot get a look at Muller before it has been doctored? I really worry about why Muller cannot be made available to the steelworkers, since it is their membership.

I remind you, the first phase of Muller, which I have here, indicates that in the gold mines, the number of potential lung cancer cases from gold mining is just mind-boggling. I can understand my friend being concerned, because it is in his area of Timmins and Kirkland Lake. If one looks at the Muller report, the anticipated number of lung cases is so far exceeded that it almost blew his mind when he wrote it.

I was at a meeting with Muller in Timmins two years ago. He could not get over what he had seen. Now the second phase, which has been going on for six or seven years now--

Mr. Pope: Yes.

Mr. Martel: --and we still do not have it. We have widows who do not have incomes. You will not get the real statistics because he does not cover

everything. For example, it is my understanding that if a guy has lung cancer and commits suicide, that does not show up, nor does it show up if he has a heart attack. I suspect Dr. Elgie can indicate this to us. If you have a lung problem, I suspect it certainly could bring on a heart attack, if your lungs are not working adequately and you are not getting enough oxygen. I suspect it could.

All of that is left out of Muller. There is doubt about Muller out there, even before it comes to the fore. There is even more doubt when the steelworkers cannot see it. They think the books are being cooked, quite frankly.

Mr. Armstrong: That is wrong.

Mr. Martel: I simply tell you what they are telling me. The steelworkers think the books are being cooked. I put it as bluntly as that. They should have a copy of Muller now before anybody can edit anything out. I think it is unfair to pass it around to other people and say to the steelworkers, "You cannot look at it."

Mr. Pope: May I ask a supplementary, Mr. Martel?

Mr. Martel: Sure.

Mr. Pope: Having been the one who in March 1979 produced the Wigglesworth study to the Legislature and in 1979 asked for the Muller kind of study to take place, I have to tell you that unless that document is forthcoming within the next four weeks, I will have to take action as a member of provincial parliament on behalf of the 15 widows I represent in the workers' compensation claims. If it has to be in court, so be it; that is where it will be. Get the bloody report out.

Mr. Chairman: Mr. Armstrong, do you wish to comment?

Mr. Armstrong: Let me introduce, if I may, the manager for program development, Mr. Gladstone, who is known to some members here. It is difficult at these hearings to know precisely what we will get into.

Dr. Elgie: Oh, come one. They are perfectly straightforward.

Mr. Armstrong: I will not complain about that; I simply make that observation. I thought we were talking about the association, but I am delighted to be here.

As far as the Muller study is concerned, I am unaware, Mr. Martel, that the second phase of Muller has been distributed externally to anybody. What is happening to Muller is that now the study is finished, it is by common agreement being peer reviewed. The steelworkers have appointed a very distinguished occupational health physician, Dr. David Parkinson, whose name may be familiar to you, who is now doing his peer review on behalf of the steelworkers. As I understand it, he has not yet completed. As soon as that peer review is completed, the document will be available to everybody.

You may have a copy. I do not know. I have not.

Mr. Martel: No. I have not been able to get a brown envelope anywhere. Might I just ask my friend, while he is here--I have some difficulty with documents that remain in the Ministry of Labour. There was the one that

was done by Dr. Yassi for the Weiler report that was supposed to be appended to the Weiler report, the 100 cases on industrial disease which she has been trying to get released from the former Minister of Labour. That was turned down four days before the election by the new member of the board's staff, who is leaving the Ministry of Labour--What is his name? Dr. Wolfson. He turned it down.

When she insisted that this document with 100 industrial disease cases was supposed to be appended to Weiler 1, Dr. Wolfson refused. It then went to the member for Windsor-Sandwich (Mr. Wrye). He said, "No" when he became the new minister last August. They have just written again asking the Minister of Labour if it is permissible to allow that document, on what and how industrial diseases can be combatted, before the Workers' Compensation Board in particular. That document has been sitting there for three and a half bloody years.

Do you wonder why I am suspicious about whether we are really serious about protecting workers and why I want independent clinics? How could we sit on a study that was prepared for the original Weiler report? It has been sitting there and Dr. Yassi has been trying to get it released for at least three and a half years. There is something wrong with a mind-set like that. That worries me. That is why I want independently controlled clinics. By God, the workers have a right to know what the hell it is that is affecting their lives. To this time in history, that has not happened.

That is why I want to know if you and your association want to join me, Bob, to fund these independently controlled clinics, since the mining association itself has decided that the only type of compensation should be comprehensive social insurance.

Mr. Chairman: Mr. Martel, if you do not mind, Mr. Armstrong is straining at the bit here to--

Mr. Armstrong: I do not believe I really am, but I just--

Interjection: It just looks that way.

Mr. Armstrong: One of the difficulties in these exchanges is we start with premises and then go on to generalities.

Mr. Martel: Specifics. I am not being general.

11 a.m.

Mr. Armstrong: You have never asked me for the file on the Yassi report. I would be pleased to share that with you and indicate to you with precision what the difficulties are with the release of the Yassi report which, I hope, would not be insuperable.

They have to do, in a general way, not with any desire on the part of the minister, the deputy, or officials of the Ministry of Labour to obstruct or have anything other than full disclosure of relevant data. There is a problem: some people who are referred to in the Yassi report have written saying that there are defamatory comments in the Yassi report, and if it is released publicly the persons responsible for its release will be potential defendants in an action for defamation.

I would hope this will not be an insuperable difficulty, but to leave the impression that there is a desire on the part of the minister or the Ministry of Labour, to conceal relevant information is simply not the truth.

Mr. Martel: J. J. Robinette could have some more work.

Mr. Armstrong: Yes. He has already been hired by the Workers' Compensation Board.

Mr. Martel: Oh, I know, but you have to keep your finger in the trough.

Dr. Elgie: I do not think you intended to use that word. He is a very distinguished man who is--

Mr. Martel: I do it for my own reason.

Dr. Elgie: I think the word "trough" would be offensive to him; it would be to me, too. I know you will not mind me saying that; you will take it in the spirit in which it was intended.

Mr. Martel: Right

Mr. Chairman: Mr. Pope has a supplementary.

Mr. Pope: I want to ask Mr. Armstrong, what solace would you give to the widows in Timmins who have outstanding claims, that you are circulating your report internally even if it includes a doctor representing the steelworkers? Is that supposed to make me cheer?

Mr. Armstrong: I agree with everyone here who says that it is extremely important to get the Muller 2 report out into the public domain to let people see it and to take whatever policy steps are dictated by his findings.

However, there was agreement by labour, management and government that the report should be peer reviewed. The steelworkers were part of that agreement, and I think we have to get on with that just as soon as possible. In terms of the release time we are talking of either a matter of days--

Mr. Gladstone: I cannot tell how long Dr. Parkinson must take.

Mr. Pope: The claimants who are widows in Timmins never agreed to delay the release of the report for a peer review. I think they had maybe as much interest as anyone else that seemed to have sat around the table and come to these decisions.

Mr. Armstrong: The point is, I would hope peer review, especially by a distinguished physician like Dr. Parkinson, might make the report a better report, and better for the widows you talk about. The peer review is not simply an academic exercise. It is intended to make sure that the potential claimants in the province have the very best scientific analysis of the available material.

I agree with you, they have waited some time for it, so it is important that the report be accurate and that it give as much solace as possible for those who are waiting for its release.

Mr. Martel: I want to pin down Bob Brailey, the chairman of the board and the deputy. I am going to ask them all the same question.

Would you be adverse to seeing \$2.2 million, the same budget you have, put out to the unions representing workers, and allowing them--including both the United Steelworkers and Mine Mill workers--the capacity to hire their own doctor? You indicate, Bob, that you do not have the capacity in your association to do the studies that are necessary.

Would all three of you agree that there should be funding made available to unions to set up clinics so they could hire doctors and hygienists and whoever is necessary to bloody well start the testing so we do not wait until an epidemic occurs somewhere else?

Now is there an aversion to that sort of protection for workers in this province?

There are three of you. Bob Brailey, Bob Elgie, my fishing partner, and Tim Armstrong.

Dr. Elgie: Which trough do you want?

Mr. Martel: I just did that to remind some of my friends that J. J. Robinette was once interviewed as to whether he wanted to kick my head in.

Mr. Armstrong: Everybody is straining to talk at once, so I will butt in and start and pay tribute to you.

I was not able to be present, but I understand you visited the Minister of Labour, along with the United Steelworkers, representatives of the Atomic Energy Control Board, Mine Mill was present and the Elliot Lake centre people, the Canadian Institute for Radiation Safety, to talk about the possibility of establishing that type of clinic in the Elliot Lake area.

I understand it was a very productive meeting, that Mr. Nolan of Cairns is now looking into how such a clinic would operate and that the minister told you the funding question was a matter which he would take under advisement. I am told the response was reasonably positive. That is in an area where there is some sharing of responsibility with respect to the jurisdiction, so if that happens, I hope the funding participation would be joint and would involve the federal government as well. That is why AECB was there.

This is not the area of my greatest expertise, but in terms of clinics elsewhere in the province, I suggest that it has very much to do with the delivery of health care services in general.

Many years ago, before I joined the public service, it was my privilege to be actively associated with the establishment of the first worker medical clinic in the province in Sault Ste. Marie where I acted for the steelworkers, and later in St. Catharines where I acted for the auto workers. Personally I am a strong proponent of clinics which are directed by trade unions in the particular community. The whole question of the financing of those clinics, whether they are in part public and so on, is another question.

If I may say, without appearing to be condescending, Mr. Martel, I think you have made a very useful contribution in bringing this matter to the attention of the Minister of Labour. It is a matter which transcends our mandate and I think involves the Ministry of Health. It may involve the Workers' Compensation Board, but it is something we are actively looking at.

Mr. Martel: You have lots of money, Bob.

Dr. Elgie: You want \$40 from me so that I am out of money already. I think Mr. Armstrong has summed up some of the issues for you. Along with the interest that you and others have had, in the early days I was involved with Mr. Armstrong in facilitating funding for an occupational health and safety clinic through lottery funds in this province. That was an important first step.

I was also the minister when the original funding was given to Cairns because I happened to believe that was an independent board. By the way, as the steelworkers and other union representatives feel today, it was an independent board and an independently operated centre. It was at the request of the steelworkers that Mr. Nolan, the director of that centre, was asked to look into the issue of setting up some sort of clinic.

As Mr. Armstrong has said, medical clinics do transcend a number of areas because it was apparent to me from the discussion with the steelworkers and management that day, the services that were envisioned would go beyond occupational health and safety into ordinary health problems, and that is when you get into the issue Mr. Armstrong has raised about the Ministry of Health.

As a general matter of philosophy I do not think I can say it is an issue the board is not prepared to look at and discuss. That is not an issue with me.

11:10 a.m.

Mr. Martel: Frankly, I am not looking at a system that goes beyond the industrial diseases. I am talking about very specific types of clinics, worker controlled, that have a number of specialists who document and put chronological and historical things in context, because that seems to be what is lacking. Whether one deals with a sintering plant in Sudbury or Elliot Lake or any other situation, we do not have that and, unfortunately, Mr. Pope is right. In his own area I do not think the doctors have done any more than the doctors did in Sudbury to detect the fact that workers had cancer from the sintering plant; no more than they did in Port Colborne where Mr. Haggerty was. They had no help. That is a disgrace.

It seems to me that the only way we can overcome that is by clinics directed by the workers and solely for that purpose. I do not want to get mixed up in the other areas because the second we do that, we lose the effectiveness of what we are trying to do, which is protect workers from industrial diseases.

We have 330 known carcinogens in the workplace today and 500 new substances coming in every year and we have no government with the courage to say, "You do not put the product on the market until it has been tested to ensure its safety." There has to be something to protect those people who work in the workplace or we make the owners of the companies work in those workplaces for three years each.

Short of that, we have to do something to protect workers and their health. I am not talking about accidents. That one is easier. Even Weiler admits in his report that there are far more cancer cases. The board recognizes one out of 30 that are probably caused in the workplace. That is pretty devastating stuff. For those of us who are fortunate not to be there, we thank God. What about those widows and the people who have it and cannot go back to work?

That is the type of clinic we need. I hope the mining association is prepared to support that.

Dr. Elgie: May I just comment on a couple of aspects that were raised? You referred to Professor Weiler. His view was that there was a need for a group of people who would serve as the cutting edge for the research in the area of occupational disease. His proposal of that related to the establishment of an industrial disease standards panel.

That panel has now been set up with representation from labour, management, professionals and the public. I think that Dr. Ham clearly feels that panel is to be a cutting edge of research and the direction of research into the area of occupational disease.

There are a number of factors that need to be taken into account as one looks at this issue. That is not to say that anyone is trying downgrade it. I think the interest and the acceptance of occupational disease issues is paramount now in the minds of many people.

Mr. Pope: With Mr. Martel's permission: I do not accept the whole tenor of your presentation, Dr. Elgie, or Mr. Armstrong's presentation whatsoever.

You are talking about structures and studies. In the meantime, you are spending millions of dollars a year in Downsview at a centralized system when miners and people from northern Ontario have expressed concerns for years.

You will not spend any of that money in clinics or medical research facilities in northern Ontario at the site of the occupational problem. I cannot accept that. I have never accepted it and I cannot accept it now.

You can set up all the panels and all the structures you want. As long as you continue to spend all of your money at the Downsview centre to the detriment of facilities in northern Ontario, I cannot support it.

Mr. Ferraro: Why did you not change it when you were minister?

Mr. Pope: I was not the Minister of Labour. Sorry, you did not know that. Ask Dr. Elgie whether I ever expressed the same opinion in cabinet. Ask him who released the Wigglesworth study to the Legislature in 1979.

It is the present Minister of Health (Mr. Elston) who overturned some of the decisions in the Ministry of Health with respect to medical facilities for workers in northeastern Ontario.

Mr. Armstrong: I am not suggesting that this is a complete answer to your concern, which I think is a very real one. You are aware of the five chest clinics across northern Ontario that are operated by the Ministry of Labour at Kirkland Lake, Timmins, Sudbury, Thunder Bay, and Elliot Lake.

Dr. Roos, from the ministry, is with us and could describe, if it is of interest to the committee, the work that is being done in these clinics. I am not suggesting that these clinics are the total answer to either the problem you raised, or the problem that Mr. Martel raised, but the committee ought to not be left with the impression that the north is completely ignored in this vital area.

Mr. Pope: When were those clinics established?

Mr. Armstrong: The chest clinics have been around for a lot longer than I have.

Mr. Pope: About 40 years and nothing has happened for 40 years. In fact, it is 50-odd years since the chest clinic was established in Timmins.

Dr. Elgie: What does that mean; nothing has happened? They have upgraded their equipment and have kept up with technology and so forth.

Mr. Pope: What additional expenditures or increase in budget has there been in those clinics in the last decade?

Dr. Elgie: I do not budget.

Mr. Armstrong: That information could be provided. I do not have it with me. It is difficult to answer an assertion that nothing has happened in the chest clinics. I think the people who man those clinics and do the work, process the results from the X-rays and the pulmonary function tests, would be rather discouraged if they were to hear that nothing happens as a result--

Mr. Pope: I resent the way you are trying to interpret my remarks to the detriment of the people who are operating those chest clinics in northern Ontario. You know damned well what I am talking about; the fact that after those assessments are done, everyone is brought down to Downsview for a final assessment and for rehabilitation, and then a decision is made on whether they qualify for compensation. You know that is what I am talking about. Do not try to say that I think everyone working in a chest clinic is not doing the job.

Mr. Armstrong: I do not want to argue with you. You said that nothing happens as a result. That is an incorrect statement.

Mr. Pope: There have been no additional facilities put in northern Ontario with respect to miners' diseases in some time. Is not that correct?

Mr. Armstrong: I would have to check the expenditures on the northern chest clinics. I do not have those figures before me. I will provide them for the committee.

Mr. Chairman: I hesitate to point this out because I know the two members who have been dominating the questioning have a special interest in this area and we will let you continue for--

Mr. Martel: I have a short--

Mr. Chairman: Mr. Martel, let me finish, please.

We have other members here who also have interests. I simply point that out to you.

Mr. Martel: Did you people have anything to do with the regulation on arsenic? It somehow managed to exclude miners. I think I am correct in that, am I not? There is a suspicion that arsenic is part of the problem that afflicts miners. Why the hell would we exclude the miners from the arsenic regulation?

I happen to have the reg with me. Why did we leave miners out? Did you people have anything to do with that?

Mr. Brailey: I would suggest you direct that question to the Ministry of Labour.

Mr. Martel: No. I am asking if the mining safety people--they did not promote that?

Mr. Brailey: No.

Mr. Martel: Why would we do that? There is a suspicion that arsenic affects miners; that is common knowledge.

Mr. Brailey: It is my understanding that arsenic will affect anybody if given in large doses.

Mr. Martel: Why would we exclude miners?

Mr. Armstrong: Arthur Gladstone is the director of the designated substances enforcement group. He can address that question.

Mr. Gladstone: The ministry has not excluded miners from the regulation, if you take miners as all workers who work in the mining industry. It has excluded underground operations from the regulation at this time.

Mr. Martel: What the hell for? Could somebody give me a logical reason?

Mr. Gladstone: I was just about to explain the background to that.

Mr. Martel: Good.

Mr. Gladstone: We have conducted an in-depth review of the health effects literature. We have considered all the available studies that show a relationship between the health effects of arsenic and the various industries in which people work.

11:20 a.m.

At the time of the development of this regulation, it was our opinion, with respect to underground mining, the dose-response relationship and the data available did not support the inclusion of underground mining at this time. We put that information before the minister's Advisory Council on Occupational Health and Safety. We presented it with all the information we had. We talked to the committee and we got advice--by "we," I mean the Ministry of Labour--that at this time the data did not justify the inclusion of underground miners. I have repeatedly said "at this time." We keep these matters under review.

I, for one, have taken every step possible to make sure that as soon as new data become available, steps are taken to bring this group within the ambit of the arsenic regulation.

Mr. Martel: Will it take a series of deaths before we decide to protect them? Do you have to have a slaughter sheet before you take the necessary precautions? When we get enough fatalities that can be attributed to arsenic, then we will say, "We will include it."

Mr. Gladstone: I do not believe that is the basis on which we proceed to develop regulations. I would advise you that there are other

effects of arsenic that are certainly considered. If they so warrant the inclusion of underground miners, in addition to other information, such information will be considered and be taken into account in deciding whether, in the near future, the underground miners ought to be included under the arsenic regulation.

Mr. Martel: It blows my mind. It is like everything else.

Mr. Gladstone: Is there something more I can provide?

Mr. Martel: Mr. Brailey, did the two people from labour quit your association?

Mr. Brailey: Yes, they did. They quit the board of directors.

Mr. Martel: Can you tell me why? I talked to them, but maybe you can give me your understanding of why they quit.

Mr. Brailey: They indicated in their letter that they were disturbed by some comments made by the Ontario Medical Association and some comments in a letter that our then president had written when asked his opinion on all of the safety associations.

Mr. Martel: You had two representatives from labour.

Mr. Brailey: Yes, we had David Patterson from the Steelworkers and Rick Briggs from Mine Mill.

Mr. Martel: And Leo Gerard.

Mr. Brailey: Leo Gerard never did sit on the board.

Mr. Martel: He did not have the time.

Mr. Brailey: He quit before he sat on it.

Mr. Martel: Right. What bothers me is that you have 15 directors. Is that right? Thirteen are from management and two from labour. Do you think that is a balanced board?

Mr. Brailey: Until two years ago, we did not have any representatives from labour. In fact, our constitution called for the mining companies to appoint representatives to our board of directors. After considerable discussion, we decided we would allocate two seats for labour. They were so allocated. We changed our constitution. We invited Mr. Patterson and Mr. Briggs to come on the board, and they did. There never was a discussion by those two representatives as to whether or not they should increase representation on the board.

I would like to add that since they have decided to go off the board we have been talking to them. I was talking to Mr. Briggs yesterday about when we could get together to talk about his coming back on the board.

Mr. Martel: If I were them, I would probably say no. Two, in my opinion, is tokenism at its worst because when there are 13 on one side of the table and two on the other side--and you can say you work together; for me to believe that I would have to say I am from Missouri, so I am doubtful.

It really is not the type of balanced approach one would hope for since health and safety is probably more important to the workers than it is to the companies, because it is their bloody lives, it is their bones that get broken and their heads that get crunched. To have a 13-2 proportion is nuts.

Mr. Brailey: Are you suggesting there should be more labour representation? I would suggest that the labour representatives might suggest that to us. They have not as yet.

Mr. Martel: I suggest it.

Mr. Ferraro: I find this point very interesting and I totally agree with Mr. Martel on this issue. How did the board of directors come up with the magic number of two? For example, why did you not say, "We represent 28,500 miners. We can increase the board to 20"? How the hell did you pick two?

Mr. Brailey: The subject of labour representation was brought up in the Burkett recommendations. There were a number of recommendations and one--

Mr. Ferraro: Did he specify two?

Mr. Brailey: No, he did not specify. He said, "labour participation." At that time, our board of directors considered the situation and decided we would welcome labour participation, but we felt they should get involved first on our committee structure and then on the board. We view this as an evolutionary process. That was the way we started, by getting involvement on the--

Mr. Ferraro: Did the members of the board have an evolution?

Mr. Brailey: The constitution of the Mines Accident Prevention Association was put together in the 1930s.

Mr. Ferraro: I know that. I am being facetious, Mr. Brailey. Obviously they did not, because it was set up and somebody had to come on and fill the position as board member. I am waiting to hear how you justified two.

Mr. Isaac: Basically, it really comes down to the responsibility of the safety and who has to handle safety. In any successful company that has a good safety record, the one important factor--and this has been brought out by all sorts of commissions; it was brought out by Burkett, in particular--the chief thing in having a good safety record is to have a good safety policy right from the chief executive officer of the company.

Mr. Ferraro: Mr. Isaac, using your own words, "with responsibility for safety," we could say it is the government's responsibility and, indeed, the first premise might be the labourer's responsibility. How the hell can you justify two? It is ridiculous.

Mr. Isaac: May I continue?

Mr. Ferraro: Please.

Mr. Isaac: There has to be a policy right from top management and it has to be followed through by top management. Safety is part of management. That is not to say there should not be some labour representation. Labour representation is very important at the work place and it is important that we understand from the work place what the problems are. It is for that reason

our board of directors invited two members, and they were important members, of labour to be part of the board of directors.

Mr. Martel: Mr. Chairman, you heard that statement and I hope my friend Tim Armstrong heard that statement. What Mr. Isaac has just said is what I have been saying for years. The Occupational Health and Safety Act in this province cannot work unless upper management wants it to work. The second upper management says no, you might as well throw the God-damned act away. That is what you have said here this morning. I have been trying to drive this home to the Minister of Labour for years. He said quite categorically that labour has a role, but it is upper management that is responsible for the act and if it chooses to have a good safety program, then health and safety works. If it does not, conversely, or the corollary--that is a word I learned in geometry way back--is you get screwed. That is what is going wrong in this province.

I want to compliment the mining people because, of the three branches in the ministry, they have probably come further than the other two. I do not think there is anybody I have maligned more than the mining industry in my years at Queen's Park. I do not confess that; I joyously admit it. They have come further, except that you are putting the unions in a tough spot these days.

11:30 a.m.

Under the Occupational Health and Safety Act, the ministry could provide some funding to labour to attend tripartite meetings and so on, I am told. Unions with declining memberships are having financial difficulty in attending. The mining people in the tripartite meetings get together a day ahead of time for a little discussion so that they all know where they are going. The unions come in the night before. What is fair about that?

I am talking about the tripartite meetings on policy changes in mining. The Ministry of Labour could help. Mining companies get together a day ahead of time, but the unions come in the night before and they meet until one, two, three or four o'clock in the morning. One comes from Red Lake--that is our friend from the Steelworkers up there. Roger Aubut comes from Timmins, or Kirkland Lake. They all come in the night before. They get in about nine o'clock at night, because they have had to work all day. The Ministry of Labour has not responded to their need to be able to sit down as the mining brass does, ahead of time. Again, it is just one of the little inequities that go on. I am sure you would support the move that they get funded to come down a day ahead of time, too.

Mr. Brailey: I do not know whether I am responding to the question, but the whole question of a meaningful role for labour is under discussion at the moment. Mr. Coughlan and I just attended a session put on by the Occupational Health and Safety Education Authority. This was one of the central questions: How can the safety associations involve labour in a meaningful role?

It is an evolutionary process. We chose, following the recommendation, that we would take two. Why two? I do not know. It is serendipity. It is one more than one. I would have expected that if labour representatives felt there was some benefit in having more, they might have suggested it. As I said, it was not discussed.

However, the whole question of a meaningful role for labour is being

discussed by all of the safety associations and by the safety education authority.

Mr. Martel: I hope Tim heard my comments about trying to do a little funding, because the unions have difficulty coming in from Red Lake at nine o'clock on an airplane and meeting to discuss the next day's tripartite meeting. Having discussed it among themselves, the recommendations are placed. I am sure you would agree industry meets ahead of time to discuss these proposals. It is impossible for labour. The Steelworkers in Elliot Lake alone spent between \$50,000 and \$60,000 last year trying to get to all the various meetings. They are just not in a position to do it. They have asked for help.

Mr. Armstrong: It is a very useful observation you make. For the committee members who do not know, the tripartite committee--the mining legislative review committee--is precisely that: government, labour and management. The Ministry of Labour pays expenses for the labour and management representatives on that committee.

I am not aware, Elie, that labour has requested any increase in the allotment for expenditures. If there is need for a pre-meeting before the first day's meeting of the mining legislative review committee, I think we would be very receptive to that suggestion. However, again, if I may say so, you leave the impression that the request was made and rejected out of hand by the ministry. I have not heard of it. This is the first I have heard of it. I think it is a very good suggestion. I hope you will pass that along to your friends--

Mr. Martel: I will be sending them all copies of Hansard with all these famous remarks.

Mr. Ferraro: Mr. Martel, I will try to be brief because I know you are much more of an expert in this field than I am.

I do not know who wants to answer this--maybe Mrs. Barkwell. My first question deals with the financial statement and explanations. I understand you get your funding from the Workmen's Compensation Board for expenses over and above recoveries. Could you explain to me, what recoveries?

Mrs. Barkwell: The recoveries are for such things as materials for training courses. In some instances we provide materials; in others, a member comes and we will pay for them. There are recoveries for annual meetings; registration, meals, etc.

Mr. Ferraro: Will you explain to me why that figure of recoveries is not in the financial statement?

Mrs. Barkwell: It is.

Mr. Ferraro: Explain to me where it is.

Mrs. Barkwell: It is note 3 at the bottom.

Mr. Ferraro: I see it. I am used to seeing income and expenses in the upper part; I apologize.

I have a general question. I realize the Burkett report said the prevention associations should be separate from the mining associations. There has been some talk about a general question and thought going around in some

people's minds, which is that some of the industrial accident prevention associations should be amalgamated into one or into some structure with a large centralized board and with the different entities scooting off from that board. Can you give me your comments on that suggestion or on any suggestion of change in the present schedule or way things are done?

Mr. Brailey: We feel quite comfortable with our present structure. As I said in my opening remarks, our board of directors represents 90 per cent of the industry, of the owners of mines in Ontario, which gives the board a fair amount of clout when it comes to making decisions.

Mr. Ferraro: I am not talking about only the mining area.

Mr. Brailey: I understand.

Mr. Ferraro: I am talking about all areas.

Mr. Brailey: We feel very comfortable with the arrangement because the industry is fairly compact. It is not like some of the other groups such as construction, which has a tremendous number of constituents and is very difficult to represent or to pick people to represent. We feel comfortable with this arrangement. We feel the board speaks for the industry. When we separated from the trade association in 1981-1982, there was no problem on our part because the board does speak for and represent the industry.

Mr. Ferraro: I want to get back to the question Mr. Martel first brought up. You said in your statement that you feel there should be some participation on committees. How many committees do you have?

Mr. Brailey: We have four standing committees. They are listed in our annual report.

Mr. Ferraro: That is fine. With two members, would you have both members on all four committees or one member on two committees? How would you do it or how do you do it? You currently do not have any labour representation.

Mr. Brailey: No.

Mr. Ferraro: Did they ever sit on a standing committee?

Mr. Brailey: Yes, they did.

Mr. Ferraro: How was it allocated?

Mr. Brailey: Was it two members?

Mr. Isaac: We had two members on each of the committees, one of them nominated by the steelworkers. They were nominated by the various unions as specialists in a particular line. For instance, in the ground control committee, they would be underground miners with some experience in ground control.

Mr. Ferraro: The last question I have, and then I will give the floor to someone else, I would like to address to Dr. Elgie and Mr. Armstrong. I would like your comments on how you feel about the actual number of labour representatives on the board. Do you agree with it?

11:40 a.m.

Dr. Elgie: Those who have been around know that I think labour has a very valuable and necessary contribution to make in the area of health and safety. Much of the construction of the Occupational Health and Safety Act was built around that fundamental principle.

The board on its own, independent of the government of the day, set about to enshrine as a basic principle of the board that there should be an increased and more meaningful role for labour in the whole issue of health and safety education. Following two years of discussions with Doug Hamilton and various presidents and general managers of safety associations, an agreement was reached and that principle was affirmed. As Mr. Coughlan and Mr. Brailey have said, there was a meeting--there have been discussions; that was not the only occasion when it was discussed. There have been discussions on this issue before that culminating in a two- or three-day meeting two weeks ago to discuss that, among other matters.

As a general matter of philosophy, the Workers' Compensation Board is clearly on record as supporting an increased and more meaningful role for labour. It will be no surprise to many that this has been my view for some time.

Mr. Ferraro: Do I understand you are saying that as far as you are concerned, there should be more labour representation than two?

Dr. Elgie: That is a position that has been well-known for some time. From what I hear of the meeting that took place, all who attended considered it to be very valuable and fruitful. I would like to hear others agree with that. Those are the reports I heard.

Mr. Ferraro: Mr. Armstrong, will you address the same question, please?

Mr. Armstrong: I am not going to give a long speech. Let me start by saying that there is some ambivalence, which I think is regrettable, in the trade union movement about membership on the boards of directors of the safety associations. There may be many reasons for this and they may be legitimate. However, when I first started to get involved in the question of the composition of boards of directors, I was very much in favour of equality of membership. I thought it was nuts otherwise because if there is a field where one can talk about a collaborative approach, a partnership, it ought to be health and safety. It made no sense to have industry associations dealing with matters of common interest. The workers arguably have a much higher stake in the process than management. It is their lives and their health that is at issue. I was very much of the view that there should be at least equality of membership on the boards of directors.

As I apprehended it, the trade union movement was ambivalent about that partly because of some reservations about the effectiveness of the associations--I am talking about five or six years ago--and partly because labour wanted its own parallel organization, which to some extent it now has, although as Mr. Martel would be quick to point out, it has far less in terms of funding support than management. There is this backdrop or baggage in the debate that labour has been ambivalent. It is not unfair to say that management has been less than totally enthusiastic about giving labour an equal voice.

My position is very clear. Ultimately, I do not believe there should be parallel systems of labour and management associations. They should be collaborative. There should be equality. The equality should be reflected on the boards of directors.

Mr. Ferraro: What is the ministry doing to encourage that?

Mr. Armstrong: Unfortunately, the ministry has no direct responsibility for that. I am not trying to avoid the question, but there are two things in the Workers' Compensation Act that address the problem. The first is that employer organizations can come forward and if they meet some tests laid down by the Workers' Compensation Board, they can be funded. Those are employer organizations. Now those employer organizations can have equality of membership. They can have equality of labour membership on their boards of directors if they want it, but there is no way it can be forced, unless the board refused to fund them if that condition were not met.

The second provision of the Workers' Compensation Act that now is in force is that the board is in a position to fund other organizations. There is another section of the act that deals with this. It has enabled the board to fund the Ontario Federation of Labour's health and safety program to the extent now of--

Dr. Elgie: It is \$1.7 million.

Mr. Armstrong: --\$1.7 million. Again, we are going down a route of parallel organizations. I do not think that is the desirable route.

Mr. Ferraro: I will end my line of questioning by congratulating the board for at least coming in under budget.

Mr. Martel: I allowed him to take my place because he said he had only two supplementaries.

Mr. Chairman: No, you yielded the floor.

Mr. Gillies: I will be brief, Mr. Martel. A number of the questions I wanted to raise have been raised by other members of the committee.

I will start by following what the deputy minister just said and pose a question to him. The rumours are rife arising from this committee's series of hearings as to what the ministry is going to do with the safety associations. Everybody is on the phone these days. There are those who say you are going to scrap the associations. There are those who say the ministry is going to force reform on them. To clear the air as much as anything, can you tell us what your conception is at this point as to what you might be doing?

Mr. Armstrong: The premise of the question is that some people think the ministry is all powerful in this area. As I was trying to point out in answer to Mr. Ferraro, we operate within the constraints of legislation that you people pass. It is simply not within the power of the minister, and it certainly is not within the power of the deputy minister, to do anything with respect to the safety associations other than express views publicly or privately about what we think of the effectiveness of their operations. In other words, we do not have the power to axe the safety associations. The gentleman on my right may have that power, but the Minister of Labour, the deputy and the apparatus within the ministry do not have that power.

Mr. Gillies: The minister does have the power to bring in legislation. Dr. Elgie, this is an ongoing process. I do not mean to put you on the spot, but from what you have heard arising out of the recent hearings, do you have any thoughts at this point as to where we might be heading to achieve the relationship that Mr. Armstrong spoke of earlier, greater accountability and a greater equality of representation? Can you give us any thoughts as to what is rattling around in your mind at this time about the associations?

Dr. Elgie: As the deputy minister said, the act clearly sets out the right of groups and employers to join together and request funding. They operate on the basis determined by their constitution. The board, and I think the section reads, "may where it deems proper" respond to that.

We at the board feel that we have had a great deal of co-operation from the safety associations during the past few years following the adoption by the board of its policy in 1982. The subsequent two years of negotiations led to an agreement, which the members of this committee may wish to have tabled. I will wait until that request comes forward; I do not see any problem with tabling that agreement. In that agreement, the role of the safety associations is recognized with a mutual and combined role in (a) emphasizing the need for accountability, (b) emphasizing the need for more meaningful representation in the process by labour, and (c) identifying the effectiveness of individual programs and identifying areas where workers are not being served or where there are gaps in the delivery of system. There is extension of coverage and identification of gaps.

As I said in my opening remarks, two experimental programs have commenced in the past two years, one with municipal workers and another with water-works workers. There is an endeavour to identify areas where there are gaps. The safety associations and the Occupational Health and Safety Education Authority, which is a tripartite authority, guided by a tripartite policy review board, held meetings on this very issue of development of appropriate programs to evaluate the effectiveness of the programs that are in place.

11:50 a.m.

We do not sense any resistance, certainly not from that meeting. Rather, we feel there is a recognition that we are doing good things. If they are not achieving the goals we intended them to do, we should know it so we can start putting our money in other directions. I think Mr. Coughlan and Mr. Brailey will agree that is the general philosophy coming from that meeting. I would be interested in hearing if they agree with that.

Mr. Brailey: The session we attended was very fruitful. We had a frank discussion on the issue of a meaningful role for labour. One line of questioning here has been whether there should be equal representation. Sean O'Flynn said more than once during the session that a meaningful role for labour did not necessarily mean equal representation. Labour was looking for the power to influence the direction the associations were taking.

Mr. Ferraro: Did he say two was enough?

Dr. Elgie: No, probably not.

Mr. Brailey: I did not ask him.

Dr. Elgie: Mr. Gillies, to emphasize what Mr. Armstrong said, labour is ambivalent on that point. They feel they have not had the possibility over

the years of developing skills in the area of occupational health and safety and they need to develop their own capabilities. They are in the process of doing it and, I might add, are doing an exceptionally good job. They feel a need to develop an expertise. I do not know whether others would agree or disagree, but that is the message I am hearing.

That does not mean they are not also willing to take part and feel they should be taking part more meaningfully in the broad area of health and safety but, as was indicated by Mr. Brailey, the information I had at that meeting was there was a view that they may not wish to see it as something that happens immediately but rather as a developmental process. I do not know how it will develop. I do not think anyone does. None of us has a master plan.

Mr. Coughlan: I want to elaborate on the meeting that has been mentioned a number of times. Its primary purpose was to bring together all the groups taking functional and policy guidance from the Occupational Health and Safety Education Authority, to determine how to come up with a proper evaluation process for the work of the various safety associations, their relationship with the authority and the manner in which they communicate with the interested bodies.

We spent almost two and a half days of extremely positive discourse that got into a variety of other areas. I can assure the committee there was nobody in that group at all apprehensive about having a properly designed evaluation process that will tell us and our constituents and those to whom we are accountable whether we are doing a good job. We are there to co-operate with those people.

Mr. Gillies: The problem of labour representation goes beyond the board, does it not? My understanding is that labour has also withdrawn from your technical standing committee.

Mr. Brailey: They have, except that we did have a representative come back on our grant control committee.

Mr. Coughlan: By invitation.

Mr. Gillies: This ground has been well covered, except to say I think it is a concern of everybody here that every step possible be taken to straighten out these problems and get back on the rails.

I want to ask you a question or two about rock bursts. I understand your association developed a standard investigation reporting form in 1985 to look at that problem. Could you tell us what you have learned thus far about the incidence of rock bursts and how they might be connected to mining procedures?

Mr. Brailey: I do not think we have come to any conclusions yet, but I will ask the other two.

Mr. Isaac: No, it is too early to tell. The returns we have had are not sufficient to work with.

Mr. Gillies: I wish I had the file with me, which I do not, but you will be aware that at least one of the unions in the Sudbury area has alleged in recent months that it believes the incidence of rock bursts is tied to the mining practices of at least one of the companies there. Do you have any thoughts on that?

Mr. Brailey: No, but that is the very reason, or one of the reasons, we established a better reporting system. If there is a causal relationship, any tie-in there, we could pin that down.

Mr. Gillies: Presumably you will be putting out a report on that.

Mr. Brailey: It is normal for us to report that sort of thing, if anything significant comes up, as it occurs or at our annual meeting.

Mr. Gillies: As part of your study, will you seek out testimony from the union officials who have drawn this conclusion or made this allegation?

Mr. Brailey: No.

Mr. Gillies: You go on empirical evidence solely?

Mr. Brailey: No, we go on factual evidence. That is why the form was designed the way it was. We will let the facts speak for themselves.

Mr. Gillies: To go to the broader issue of safety, lost-time accidents, period. I understand your association did an intensive study in 1985 into the causes of fatalities and lost-time accidents. Is your report complete at this stage? Have you been able to draw any conclusions from it so far?

Mr. Brailey: No. As I mentioned in our submission, the Stevenson committee dealt specifically with rock bursts and ground control and emergency preparedness. In regard to the ground control aspect, we have received the report and are now looking closely at the recommendations. There was quite a bit of recommendation there to do further training, and we are helping to set up more training.

I also indicated that with regard to the lack of a tie-in between our reduction in lost-time accident frequency and the fatality rate, which is of great concern to us, we have acknowledged there is an area of endeavour in the ground control area. Recently, we have found this transportation area is one where there are certainly some unanswered questions we want to get to the bottom of. We would love to get some better information so we can take action. Once we have done that, the safety committee will take a look at the next most important cause of fatalities.

Mr. Gillies: I wonder at this stage, and I am not talking specifically about 1985, about the trends. Are most of the significant trend lines going in the right direction? We have your graph here on the frequency of accidents. We know the general trend of fatalities is downward. What about aggregate--

Mr. Martel: It was 15 last year.

Mr. Gillies: Yes. That is still unacceptable, but there are fewer. Are the other trend lines, aggregate time lost, number of incidents, and so on, down?

Mr. Brailey: Yes. The other statistic we have started to get experience with, now we have two and a half years of it, is medical aid frequency, that is, any accident or injury that results in a visit to a doctor. That statistic has shown a decrease.

There is some controversy within the business as to what constitutes an accident or injury. One of the reasons we adopted the total loss control concept is because that tends to go beyond injuries and actually looks at incidents that may not cause an injury, to try to get a better data base to find out what is happening and avoid the injury in the first place.

Apart from the fatalities, which are of great concern to us, the other frequencies are dropping.

Mr. Martel: I have a couple of questions I want to ask. I have some difficulty agreeing with what has been said about how the representation should be. I am not quite certain people accept yet that the goals of workers and the goals of management are the same. That is why the problem exists.

We have heard Mr. Isaac say that if management did not want a health and safety program to work, it could effectively scuttle it. That is why unions want a parallel structure. The letter I partially quoted two weeks ago indicates there are people in the Industrial Accident Prevention Association who are vigorously opposed. I will continue to quote that letter whenever we get the IAPA back.

12 noon

That little letter Mr. Hainey sent out was wonderful. He accused the Minister of Labour and the chairman of the Workers' Compensation Board of trying to drive industry out of business. The guy was just mad. If that is the attitude of people in management, and he is a past adviser to that association, there is no hope.

When that kind of attitude is prevalent--I am not sure it is prevalent, but it certainly exists--you cannot ask me to accept a role unless you have enlightened management. The attitudes in the letter come from the 18th century. That is what worries me about a single structure, and I am being quite frank about it. If you saw his letter, it would frighten you too, that his type of mentality applies. I am afraid it applies in a lot of places.

Let me give you a couple of examples. Do you think workers underground should still have to go to the washroom in a five-gallon pail with a green bag in it?

Mr. Brailey: I do not see what that has got to do with accident prevention.

Mr. Martel: It is part of the whole issue of health and safety.

Mr. Brailey: If I may answer your question, most mines do not use five-gallon pails any more.

Mr. Martel: There are still some. When I was on my tour recently--

Mr. Brailey: When you visit the mine at Lockerby--

Mr. Martel: No, Falconbridge is much more advanced than that.

When I was in northwestern Ontario six or seven weeks ago, I had a woman who works underground come to me. She was told she had to use that can, or if she came to the surface her pay would be deducted in this modern era. We have this building out here being redone, and we can bring in Johnnies-on-the-spot. Can you tell me why some mining company would still live in the 19th century?

Mr. Ferraro: If she had diarrhoea, she would go broke.

Mr. Martel: That is right. She would be running up and down, and they would be taking off her pay. Can you imagine that they cannot get an outdoor privy to take down underground?

I will give you another example, which is part of health and safety too. I have just written to the Minister of Labour (Mr. Wrye) about a work refusal in Timmins at the dome. If there are more than fifteen workers, they are entitled to a lunchroom, but if there are fewer than 15, in this case five, they have a little lamp to show them where to eat. That is the only light they had. They could not go to the lunchroom, which was 10 minutes away.

It is also part of health and safety to be able to wash adequately before you eat after working X number of hours. You would agree with that, would you not? You are the mines accident prevention association, after all. Both these instances are pretty significant to miners. I hope you people can influence some of your colleagues to be more civilized. To sit down there near where you are drilling, where the only light to eat by is the light on your head and you cannot go and wash up after working in that kind of environment for maybe four hours--tell me somebody is civilized.

Mr. Brailey: The Ministry of Labour--

The Vice-Chairman: Excuse me for interrupting. This is a five-minute bell for private members' business. As much as we are all enjoying this, I am afraid the committee will have to adjourn now.

Mr. Philip: We can come back at 12:15 and have Mr. Martel finish. I also have a couple of procedure matters concerning other business.

The committee recessed at 12:05 p.m.

12:17 p.m.

The Vice-Chairman: Members of the committee, time is a pressing consideration. Mr. Martel had the floor.

Mr. Martel: I want to raise only two other matters very briefly.

Do you use perchance in your advertising--brochures, pamphlets and so on--material prepared by the Construction Safety Association of Ontario? Workers in the paper industry have told us that some of their advertising was prepared by the construction safety association. They were using the same material.

Mr. Brailey: Most of the material that we use we prepare ourselves.

Mr. Martel: You prepare it yourselves. You would not prepare it in as biased a fashion as the construction association does, making all workers look stupid?

Mr. Brailey: Do you want an answer to that?

Mr. Martel: If you like. I do not expect you will, but--

Mr. Brailey: We try to be as objective as we can in our advertising. Ernie can answer in more detail if you like.

Mr. Isaac: We put on a very low-cost television campaign each year for two periods and several programs. Our total advertising budget for television, radio, print and production charges is \$62,000 per year. We have tried in this year's programs to show not an accident happening, but one about to happen. Our statistics revealed what the most frequent accidents were and we tried to show an accident about to happen and how to prevent it.

Mr. Martel: Do you support Cambrian College's effort to have a ground control program located there as opposed to, say, the University of Toronto?

Mr. Brailey: We support any attempt to improve the training in ground control, and our natural bias is towards the north.

Mr. Isaac: A ground control seminar aimed at engineers and technologists will be held in September at Cambrian and will be jointly sponsored by us.

Mr. Martel: My understanding is that some of the mining schools in southern Ontario are anxious to get their meathooks on the program that is going to be developed on ground control. I have indicated in the House that we want it in the north since most of the mining goes on there.

Mr. Isaac: As I said, our position is that we would promote it in the north.

Mr. Martel: Mr. Brailey, I do not ask you because it is your company, but we had yet another mining fatality last week. My understanding is that it was caused by loose rock again at, I guess it was Strathcona.

Mr. Brailey: Yes.

Mr. Martel: I have just seen some statistics revealing that at least a third of underground accidents are caused by rock or soil, material falling from overhead. People are being killed. I worry because it has almost become an accepted way of life that miners can be killed and that it does not matter. If a policeman gets killed, it gets such nationwide coverage that the whole place erupts. I think there were something like seven policemen killed last year. We had 15 miners in Ontario alone. It does not even make the papers in Toronto when a miner gets killed. It is commonplace. It is driving me mad because more miners are killed than in any other field.

We know some of the causes: bad lighting and falls from overhead. I do not know the answer. I am tired of burying miners because they seem so--

Mr. McGuigan: What about farmers?

Mr. Martel: Yes, but farmers can control some of it. They stayed out of accident prevention.

Mr. McGuigan: They are safe from lumber.

Mr. Martel: It does not even make a Toronto newspaper when a miner is killed. It is an accepted way of life for miners. It is like fishermen on the east coast. That drives me around the bend.

Mr. Brailey: If I could interject and answer your question, we share your concern. We are very concerned. I have gone on record as saying it is of

great concern to us that while we have been able to reduce our lost-time accident frequency, somehow the reducing of fatalities has eluded us. We have undertaken an area of study, responding to the Stevenson commission, which specifically addressed the problem of ground control. With respect to the fact that the media may become blasé, you should have the media here.

Mr. Martel: I am not blaming the industry.

Mr. Brailey: You must be aware that within the industry every fatality is felt by everybody in the industry. Regarding the fatality that you mentioned, we had a board meeting of our association that same day. It is of great concern to us. We share your concern and we will not rest until we can bring about some improvements in that area.

Mr. Martel: Is it true that in the mines in Sweden, for example, that working underground it as light working in the area that is being worked as it is in this room and that the lighting is that good in the work place underground in Sweden?

Mr. Isaac: It is in one mine. At Boliden, they have huge working places and it is a different kind of mine to any that we have. In most of their mines, that would not be the case. I have not been to Sweden myself.

Mr. Martel: I talked to Ron MacDonald, who was there recently.

Mr. Isaac: He may have visited this one mine where they have a large number of people underground. They have all sorts of amenities that we would not be able to put on in our type of mining, but that is one mine.

Mr. Martel: For as many years as I have been here, the whole question of lighting has been discussed and the industry, to my knowledge, has indicated that it cannot do it. It is pretty costly, if I understand the industry correctly. The inadequate lighting must have a large bearing. You work with extensive machinery with a little light beam on your head. You cannot see above you very well except that for white light. It was not addressed. I think I am correct in saying that the last report did not deal much with that, did it, the Stevenson report. It did not deal much with lighting, did it?

Mr. Brailey: Burkett did and we responded.

Mr. Martel: Stevenson just finished his report. It did not deal with lighting, did it?

Mr. Isaac: Yes, there is something on lighting in the Stevenson report.

Mr. Brailey: There is an indication in the Stevenson report in the recommendations in the back that improved light would give an improved inspection.

The inference in your remark in getting into lighting following on the fatalities is an inference that poor lighting is a significant contributing factor in fatalities. If that is the case, it will certainly be shown up by our more intensive study at the moment, particularly in the transportation order. At this point, we cannot see any obvious relationship.

Mr. Martel: I am told that at least a third of the fatalities occur from rock falls. Am I right?

Mr. Isaac: I do not know offhand but probably about that, yes.

Mr. Martel: Would improved lighting not assist when one is doing his sounding with his little bar as he tries to determine--

Mr. Brailey: That is not an obvious conclusion.

Mr. Martel: Do you not think that seeing better in being able to work would reduce the number of fatalities?

Mr. Brailey: I guess there are two points. One is that there is an ongoing improvement in lighting in the mines. Again, on the trip you took recently to our Lockerby mine, you did see much improved lighting, certainly over a few years ago.

In the bulk mining methods we are using at the moment, we are putting in more stope lighting, which does improve the situation. I do not see that there is a direct connection between improved lighting and reducing fatalities.

Mr. Martel: I just think you can see better. I think if you can see better, the chances of survival might be better.

Mr. Brailey: There is a possibility.

Mr. Martel: If you work in the dark, it is difficult to see. In two of the accidents, the inquests on which are this week in the northwest, practices you people put out of existence a long time ago, going in too soon after a blast or standing on a muck pile without a lanyard, are involved in both those cases I understand.

Mr. Brailey: In both cases, I do not think improved lighting would have had any direct bearing.

Mr. Martel: Well, I am not sure. The point I make is there are some hideous practices yet still out there that lead to fatalities.

Mr. Brailey: Whether you are talking about practices or people not following proper procedures, I guess the inquest will determine that.

Mr. Martel: Both those involved practices that I think Falconbridge and Inco have worked hard to make sure have been eliminated, such as standing on a muck pile without a lanyard.

Mr. Brailey: I have great faith that the inquest will point that out.

Mr. Martel: I will terminate at this point.

Mr. Chairman: We have only a couple of minutes left. Does any member have a quick question at this point?

Mr. Philip: I have some accounting questions.

Mr. Chairman: I would remind you of the time.

Mr. Philip: Maybe I can ask a brief question. In the information you handed out to us, the budget sheets, why does there appear to be a discrepancy between the figures there and the figures in your 55th annual report? For example, your 1985 report shows a figure for expenses totalling \$1,997,100 and

yet in the figures you have handed us today we get a different figure of \$2,013,785. Can you account for that discrepancy?

Mrs. Barkwell: I believe the difference is probably totally capital expenditures. One report, which is a total used by our board of directors, includes capital expenditures, whereas the official financial statement can be audited as well.

Mr. Philip: If I can go from the figures in your annual reports and exclude the capital expenditures, I notice in 1985 expenses were approximately 3.5 per cent below the projected budget of \$2,069,500. Can you explain why in 1986 the budget approved by the WCB had risen to \$2,156,700? Since you were under budget the previous year, why did you need so much more money the following year?

Mr. Chairman: We will allow you to respond, but then we are going to conclude the meeting.

Mr. Brailey: You say we have a decrease in our budgeted figure, although it is an increase from \$1,997,000 to \$2,197,000. What is your question?

Mr. Philip: You underspent the previous year by 3.5 per cent and yet you asked for what amounts to in my rough calculations another \$700,000 for the following year over your actual budget. I am wondering what was the major factor in the increase. Was it mainly salaries? Where was the money going?

Mr. Brailey: Sorry, you said \$700,000?

Mr. Philip: I do not have a calculator here and I am used to using one now. If you subtract \$1,197,100 from \$2,156,700, I guess you get roughly \$159,600. Are my mathematics right? What is the major cause of the increase?

Mr. Brailey: There has been an increase in salaries amounting to some four per cent.

Mr. Philip: That is four per cent over the actual?

Mr. Brailey: Yes. That gives you four per cent of \$1.12 million, which is about \$45,000.

Mr. Philip: Has the WCB ever---

Mr. Chairman: I am not going to allow any more questions. The committee seems to be sitting permanently as it is. I want to thank the lady and the gentleman, board officials and ministry officials for appearing here. We appreciate it. It may be necessary to ask you to be here at some future date. Thank you very much.

The committee adjourned at 12:32 p.m.

STANDING COMMITTEE ON PUBLIC ACCOUNTS

ALLEGED CONFLICT OF INTEREST

WEDNESDAY, JULY 2, 1986

Morning Sitting

Draft Transcript



STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIRMAN: Runciman, R. W. (Leeds PC)

VICE-CHAIRMAN: Gillies, P. A. (Brantford PC)

Epp, H. A. (Waterloo North L)

Ferraro, R. E. (Wellington South L)

Gordon, J. K. (Sudbury PC)

Harris, M. D. (Nipissing PC)

Philip, E. T. (Etobicoke NDP)

Polsinelli, C. (Yorkview L)

Pope, A. W. (Cochrane South PC)

Smith, D. W. (Lambton L)

Wildman, B. (Algoma NDP)

Substitutions:

McGuigan, J. F. (Kent-Elgin L) for Mr. D. W. Smith

Ward, C. C. (Wentworth North L) for Mr. Ferraro

Clerk: Arnott, D.

Staff:

Fritz, H., Research Officer, Legislative Research Service

Bell, J., Counsel; with Shibley, Righton and McCutcheon

Peters, M., Associate Counsel; with Shibley, Righton and McCutcheon

Witnesses:

From Innovation Development for Employment Advancement Corp.:

Armstrong, S., Counsel

Logan, D., Former Vice-President, Innovation Assistance

Blakeley, H., Former President

Macdonald, H. I., Former Chairman

Maruzzo, B., Former Senior Manager, Technical Assessment

LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Wednesday, July 2, 1986

The committee met at 9:28 a.m. in committee room 228.

ALLEGED CONFLICT OF INTEREST
(continued)

The Vice-Chairman: The committee will come to order.

The chairman, Mr. Runciman is delayed a couple of hours this morning so I will be in the chair until he gets here.

I understand we have several motions and items of business.

9:30 a.m.

~~The vice chairman, Mr. Phillips stated that the committee would...~~

(0930 follows)



The Vice-Chairman Mr. Philip moves that the standing committee on public accounts inquiry into the alleged violation of the conflict of interest guidelines by Rene Fontaine and that the steering committee prepare a schedule on the list of witnesses to be called before the committee.

Any discussion?

Mr. Philip: It is a notice of motion therefore it cannot be discussed.

The Vice-Chairman: That is right.

Mr. Philip: But it has to be discussed next time.

Mr. Philip: I will simply say this--and because it is so important, you may want to allow members of the other two parties to comment.

What was clearly happening was that by the actions of the Premier (Mr. Peterson) and by Mr. Fontaine, the legitimate right of the public to know, through a public inquiry, has been violated. The calling of a by-election was something that neither of the opposition had called for. We called for his temporary resignation pending an inquiry. Calling a by-election in one riding in no way deals with this matter. It was not Mr. Fontaine's services as an MPP that was questioned; it was his propriety in his role as the minister that was questioned.

The public accounts committee has the responsibility of ensuring that the public financial interest is protected. It seems appropriate that this committee look into this matter. Therefore, I am asking that the committee support this when we next meet, which will be this afternoon then by the rules. This would come up late this afternoon.

The Vice-Chairman: That is a very interesting point. Let me consult with the clerk on that.

The rule reads that at the next meeting of the public accounts committee the motion would be dealt with. I guess the next meeting is this afternoon. Is that your understanding?

If I may raise one point, I am going to recognize some speakers on this because it is important. I wonder whether this motion is in order. Because you have been on the committee for a long time, Mr. Philip, I could ask at least your advice or opinion on this. I wonder if it is in order in absence of an order from the House for this committee to look into this.

Mr. Philip: There is an order from the House for the public accounts committee to meet. The public accounts committee sets its own agenda. In similar motions and, indeed, in this inquiry we did have a specific order from the House. In other inquiries, it was simply on a motion by the committee.

The Vice-Chairman: All right. Discussion?

Mr. Epp: First, we have several meetings today. As such, for a moment I want to speak to your thoughts on this--I am not sure that it is a ruling--that this afternoon is a separate meeting. This afternoon is a continuation of the meeting this morning therefore I would disagree with your suggestion. I want to separate that from the ruling that this matter be discussed this afternoon and voted on this afternoon.

Second, all of us know that there is an election going on. That it is a political process. I would question the legitimacy of such a motion because of the fact that there is a by-election going on. If people want to have a test in a forum, that particular by-election should be the forum where that test is taking place. If they choose not to ??fill the candidate or candidates, then that is their decision.

I very much question, not constitutionality but the ability of this committee to deal with this matter while a by-election is going on concerning the former member for Cochrane North (Mr. Fontaine).

~~... I do not think~~

(P-0935 follows)

~~...the former member for Cochrane North (Mr. Fontaine)~~

Mr. Pope: I would like to second his motion at the appropriate time. I do not think Mr. Philip or myself really are too concerned one way or the other whether or not this afternoon versus tomorrow morning is the next sitting of the committee. If it will aid the members of the governing party to caucus this matter during the rest of the day, I do not think we would object to that at all.

I do have to reflect upon the flawed thought processes of the government as demonstrated by the recent comments of Mr. Epp.

First, this was not a private decision by a member after much soul searching in his office alone. This was a resignation signed in the Premier's office and witnessed by a special assistant. This whole thing was clearly a strategy, a decision of the Premier of this province. Because of that and because it was not a personal individual decision of a minister to resign his position as minister or his seat from this Legislature but rather a political decision, a strategy of the Premier, I think we have a different situation.

I want to re-emphasize: that resignation was signed in the Premier's office. It was witnessed by Catherine Dysart, special assistant to the Premier. This whole strategy was concocted in the Premier's office. It reflects upon the way in which the conflict of interest guidelines are going to be applied and how the Premier is going to be answerable for the administration of conflict of interest guidelines in this province.

If you read the documents that Mr. Fontaine submitted to the House, they are rather revealing. First, in his letter to the Premier he denies the allegations. You read that. In the letter to the Premier he denies the allegations. Then at the end he says, "There has been an allegation I breached the public trust. I wish to be judged by my electors."

The fundamental point that the government seems to have missed is that Mr. Fontaine was not chosen Minister of Northern Development and Mines solely by the people of Cochrane North. They chose him as the member of provincial parliament. I say that know Mr. Fontaine, my father-in-law being a very good friend of Mr. Fontaine and he has been a good family friend to my wife's family over many decades.

Knowing his popularity in his home riding and in his community, knowing his contributions to his community over many years in charitable works, religious works and in sports--knowing all of these contributions, the simple fact of the matter is that there are allegations about ownership of shares in a mining company during the time that he was minister of mines in the province. That is the allegation.

It is not whether he is fit to serve as a member at all. It is whether he breached the conflict of interest guidelines by failing to disclose. Those conflict of interest guidelines are binding on cabinet ministers in their position as cabinet minister, not in their position as provincial members of parliament so what do we have here. We have a letter addressed to the Premier denying the allegations, in spite of the statement he made in the House that day--the day of his resignation--his letter to the Premier denies the allegations.

He indicates there was an allegation he breached his public trust. He defines that public trust as being a trust to the electors of Cochrane North solely and therefore we are going to have a by-election. That is irrelevant. No one alleged that he breached the trust of the electors of Cochrane North as a provincial member of parliament.

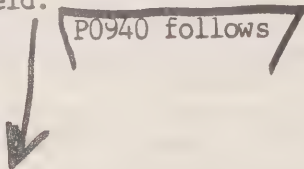
The allegation was whether he had breached the conflict of interest guidelines as a cabinet minister and therefore whether he could continue to hold a position in the cabinet of the province, not whether he could continue to be a member of provincial parliament. That is the issue.

The response from the government to call a by-election and to create the issue in their own terminology is what really has to concern the members of this Legislature. Their own terminology is that it was somehow a breach of public trust unique to the electors of Cochrane North and therefore we are going to have a by-election. It is not unique to the electors of Cochrane North.

9:40 a.m.

Every cabinet minister is responsible to everyone in Ontario. The Premier is responsible to everyone in Ontario to make sure the conflict of interest guidelines are upheld.

P0940 follows



(Mr. Pope)

~~the leaders of Cochrane North. Every cabinet minister is responsible to~~
~~everybody in the province of Ontario. The Premier is responsible to everyone in~~
~~the province of Ontario to make sure the conflict of interest guidelines are~~
~~applied.~~ It is tough. It is hard. That is why there was a review in 1985 by the
new government, of the conflict of interest guidelines.

It is a tough business that some of us had to go through in another era. Not only did we have to worry about conflict of interest guidelines, but we also had other allegations about members of our family that caused us concern because even if they did not fall within the conflict of interest guidelines, we were worried, if no one else around here was, about the perception. We were worried about allegations.

I can recall the time that my brother, whilst I was in cabinet, was alleged to have received \$250,000 in a grant. Under the terms of the conflict of interest guidelines, I could have said, "It does not matter, it is not caught by the conflict of interest guidelines." I happened to have felt that it was important enough to immediately investigate and issue a denial within six hours, because my brother had received not one red cent, and never had, from the government of the province of Ontario--let alone through any association with me.

We have an obligation as ministers of the crown--a special obligation--not only with respect to the conflict of interest guidelines, but also with respect to apparent conflict. I do not care how much you want to limit the safety net or what you want to include in it. We all have an obligation in this Legislature to make sure that system works. It is a manual administration--the conflict of interest guidelines, the other tests that are found in other statutes, particularly for municipal politicians, and our own consciences about when the public needs an explanation and when it does not. I am not talking about just the electors of Cochrane South, when I am talking about my own conduct. I am talking about my obligations to everyone else in the province of Ontario at the time that I was a cabinet minister.

The fundamental issue at hand is whether or not there has been a breach in the conflict of interest guidelines. That is properly a matter this public accounts committee is now pursuing. I have to say I disagree with the stratagem of this government to try and foist it off in a by-election. Now we see the logic come full-circle, in Mr. Epp's statement here today that you cannot discuss this matter any more because there is a by-election going on. That was precisely why they decided to call a by-election in hopes that it would fly with the people of the province and the members of this Legislature. This is one fellow it is not flying with, Mr. Epp. It is not flying with me, that we cannot discuss this matter in the Legislature or in this committee because there is a by-election going on. That may have been Mr. Peterson's hope. That may have been the cabinet's hope. That may have been the government caucus's hope, but it is not going to happen if I have any influence on the decisions of my party. Hopefully the members of the New Democratic Party will follow us too.

With respect to Mr. Philip's motion, I will be speaking to that tomorrow. It may be that our party, after fuller information is made available in the Legislature by the Premier--and I hope it is--it may be that we would

7 July 2, 1986

Mr. Pope decide as a party to suggest that a more appropriate form is some sort of judicial inquiry, or some other more formally-structured inquiry into this matter. At the very least, I believe that our fall-back position would be one of supporting an investigation at the appropriate time by the public accounts committee on this matter.


I do not intend to be deterred by a by-election called by the Premier--made within two days of the raising of the first allegation--as a political strategy. This issue is too important. We are talking about a mines minister. We are talking about shares in a mining company. We are talking about peoples' perceptions. We are talking about the conflict of interest guidelines. We are talking about the statement of Mr. Fontaine to the House last week when he announced his resignation. We are talking about the letter of resignation to the Premier. We are talking about the letter of resignation to the Clerk, and the actual documentation that is now available to us. There may be more. I think the public accounts committee is entirely within its rights to take the step it has.

Having been in minority government for four years, 1977-1981, I can wholeheartedly agree, having been on the other side of it, with Mr. Philip, that committees in the Legislature, once they are seized of a matter, have the right to order their own business. I have seen some rather far-reaching inquiries into a lot of aspects of government decision-making and policy emanating out of committees in those years. Mr. Philip is not beyond the bounds of precedence, nor is he beyond the bounds of reasonable practice, as it has been determined in the Ontario Legislature in its statements.

The Vice-Chairman: Okay, that is Mr. Pope. Mr. Wildman.

Mr. Wildman: I apologize for being late, but the flight schedule

0945 follows.



~~beyond the bounds of reasonable practice as it has been determined in the Ontario legislature in this case.~~

Mr. Wildman: I apologize for being late. I cannot set the flight schedules myself. In regard to the motion put forward by my colleague and the comments that have been made before the committee, I would like to indicate that the comments I made at the time of Mr. Fontaine's announcement last week I meant sincerely. I regret very much that he chose this course and I agree that the decision to resign as the deputy for Cochrane North was completely unnecessary and doubly regrettable.

The point is that even if a by-election results in Mr. Fontaine's re-election as the deputy for Cochrane North, that does not deal with the issue which is, was there a violation of the conflict of interest guidelines at the time Mr. Fontaine was serving as a member of the executive council. I find the Premier's comments completely unacceptable that if there is a by-election and Mr. Fontaine is judged by his electors as fit to serve them as the deputy for Cochrane North, something that I do not think anyone in this legislature disputed, that that then means that he can automatically return to the cabinet. That does not deal with issue at all.

It is within the purview of this committee to look at the issue. The suggestion that we should somehow not deal with this matter because there is a by-election on beggars the whole thing. I do not understand how that argument can be made. If it could be argued that it would somehow influence the by-election, perhaps that is something that the government should have considered. That it might or might not influence the by-election makes no difference with regard to what this committee can or should do.

For that reason, I would be in support of the motion. I reiterate that I very much regret Mr. Fontaine's decision. He is a gentleman for whom I have a great deal of personal regard and respect and I wish that he had handled the apparent situation more expeditiously.

Mr. McGuigan: I would like to point out that Mr. Pope's allegation about some grand strategy is only an allegation. He was not at the Premier's meeting, nor I or--

Mr. Philip: Why else would he call a by-election?

Mr. McGuigan: You can make your own assumptions. It is not a proven case. You are entitled to make any allegations that you wish. I want to point out that none of you was there to verify it. It is only an allegation.

Mr. Wildman: This morning, Mr. McGuigan, your picture was in the paper. It said that, ??as a cabinet minister, Ken Keyes-- I thought that you might have been--

The Vice-Chairman: Order.

Interjection: What paper is this?

Mr. Wildman: The Toronto Star.

The Vice-Chairman: Mr. McGuigan, do you have any other comments?

Mr. McGuigan: No.


The Vice-Chairman: No further discussion on this matter. I am going to rule that the motion will be dealt with tomorrow morning. If any party has any concern as to whether or not the motion is in order, I would advise that they seek their advice on that matter between now and then. My current posture as chair is that the motion is in order and will be dealt with tomorrow morning as the first item of business.

9:50 a.m.

Mr. Philip: Some of the members of the committee have committee have come in late; I wonder if you could read my motion again or would you like me to read it?

The Vice-Chairman: I will read it. Moved by Mr. Philip that the Standing Committee on Public Accounts inquire into the alleged violation of the conflict of interest guidelines by Mr. René Fontaine and the steering committee prepare a schedule and--

P-0950 follows.



The Vice-Chairman: I will read it for you. Moved by Mr. Philin that the Standing Committee on Public Accounts inquire into the alleged conflict of interest guidelines by Mr. Fortin and the Steering Committee prepare a list of witnesses to be called before the committee. That will be dealt with tomorrow morning at nine o'clock.

Mr. Epp: I want to add that I am not at all sure that discussion of that motion is proper tomorrow and I will have more to say about that tomorrow.

The Vice Chairman: Any member of the committee that has a concern as to whether the motion is in order should seek advice from wherever they wish, but I am ruling that the motion will be discussed tomorrow morning at nine o'clock. Other business or matters for discussion?

Mr. Pope: I want to go back to something I said a week and a half ago. I indicated then my concern with-- Knowing that there had to be some expeditious dealing with this matter, my concern--

The Vice-Chairman: When you say, "this matter," Mr. Pope, you are now referring to the Kaplan question.

Mr. Pope: My concern was that we were going to be embarking on a system of examination of this issue without having proper discussion amongst ourselves about the timing of the inquiry, the calling of witnesses and the production of documents. Three times, a week and a half ago, I indicated my concern that we not embark on the question of witnesses unless we had had full production of all documents well in advance of their appearance. I expressed my concern again last Thursday.

I might point out that last Thursday we stayed beyond 10:30 with unanimous consent in order to expedite this matter. I expressed my concern about the fact that we were having to cross-examine or question--however you want to phrase it--two witnesses without benefit of production of their documents well in advance. It turned out, through questioning, that not all documents had been produced, which is precisely the point I raised a week and a half ago. We have to know in advance what documents people object to producing. We have to know in advance what documents they no longer have in their possession. We have to know well in advance the list of documents that they are going to produce and get copies of them.


Last Thursday, for instance, we found that Mr. Carman, the secretary to Cabinet objects to producing a two-page memo which he terms "advice", to the Premier I presume, on this matter. Then, in the evening, we find out that Mr. Wright--I repeat that I never said that Mr. Wright's testimony was anything other than honest or totally forthcoming--that Mr. Wright had documents in his possession which he had corrected. We were getting the corrected versions. That is precisely the point I made a week and a half ago. We want everything produced for this enquiry that can help us make a decision.

Mr. Wright got offended when I asked him a couple of questions and he ended up admitting that, yes he did have other documents in his possession that he had not produced for our counsel, which included corrected versions of older documents. I am not prepared to accept someone else's interpretation of what is relevant or not relevant. I am not prepared to accept someone else's version about what is produceable or not produceable in front of this committee. I want the committee to know all of this information in advance and make a decision on what they want to produce.

(Mr. Pope)

I can tell you, for instance, I would like to have produced that two-page memo of advance from Mr. Carman to whoever. I would like to have it produced immediately and I would like to have the opportunity to ask Mr. Carman questions about that memo since it is the only written piece of information that he has in his possession that indicates the nature of the advice that he gave to the Premier or to Cabinet or to both. He was a key player in pulling together the Premier's statement on June 11. He was involved in all of the meetings on June 10. He gave advice to Premier with respect to the June 11 statement and he objected to producing it. We have the right to have that information produced. I have no idea what the basis of his claim of privilege is or his right not to produce it is. Maybe someone else can explain it to me, but I would like that produced.

P-0955 follows.



dm
(Mr. Pope)

I have no idea what is the basis of his claim of privilege or why he not to produce it. Maybe someone else can explain it to me. I would like to recall Mr. Carman to ask questions with respect to that matter.

The second point that I really am having ongoing concern about is I know everyone would like to deal with this matter promptly. I stayed all last week. I stayed at night, past 10:30 to try and finish with Mr. Wright, and we did. I phoned on Friday--and I think I read my mail, I may be wrong, maybe I have a problem, but last Friday was the first time I was told we were sitting at 9 a.m. The importance of sitting at 9 a.m. means Mr. Wildman could not be here and I could not be here until 9:30 unless I came the night before. So for out of town members, that is what you are talking about. You are talking about the fact Mr. Wildman would have had to leave his home yesterday afternoon--

Mr. Wildman: As it was I had to leave at 5 a.m. today.

Mr. Pope: Instead of 5 a.m. To some people that may not be important but if you live 500 miles away from here and have a family, it is important. I think a little more consideration has to be given to the out-of-town members who have to make these travel arrangements.

I phoned last Friday and found, first we were sitting at 9 a.m. today, which I did not know until then. I cancelled constituency appointments for yesterday in order to be here today. I was told on Friday that at 9 a.m. Mary Eberts was going to be here and I as given a list of witnesses for the rest of today. I spent the weekend looking through the documents and trying to prepared some questions for Mary Eberts. I came here at 8:30 this morning to find Mr. Macdonald is going to be called. I have had no chance to prepare any questions for him. I am at a complete disadvantage.

Then I walk in here and this is produced. This is the first chance any members of this committee have had to see this information, except the stuff that is contained in part of it under tab L, which we had last Thursday. The rest of the documents including notes of telephone conversations, letters, other documents, internal to the Innovation Development for Employment Advancement Corp. This is the first I have seen this. How anyone can assimilate this information in the next two minutes and prepare questions for someone of the calibre of Ian Macdonald is beyond me.

In fairness I have to say, let us get our house in order, let us know where we are heading every day, well in advance, let us have all the documents produced ahead of time so that we can at least read through them and inform ourselves as to what are the issues about which we are supposed to be asking. I am not satisfied at all. I am not satisfied with the fact that I am not getting any information. I try to call the chairman of this committee, Mr. Runciman and he does not know who is being called. What is going on around here? As a committee member I think I am entitled to know in advance the order of witnesses, when they are being called and I am entitled to have documents well in advance so that I can go through them and at least be an informed questioner.

Mr. Pope

P09552

13

July 2/86

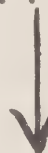
Mr. Vice Chairman, I really object to the way this is being handled. This is a person who made efforts all through Friday to find out the scheduling, the timing and who changed his own schedule to the detriment to my constituents so that I could be here. Everyone else has that problem. I am not saying I am unique. It is not fair to me, it is not fair to the members of this committee, the way this is working out. I am not happy with it. I have the greatest respect for the people who are here from IDEA Corp. but I would like to move an adjournment of this committee until this afternoon, so that I will have time to look at these documents and prepare some questions.

10 a.m.

The Vice-Chairman: Further comments?

Mr. Epp: I guess we are all in the position of not having these documents earlier but with respect to some of the points Mr. Pope raised, I want to say there was an all party agreement . . .

1000-1 follows



(Mr. Epp)

... but with respect to some of the points Mr. Pope raises, I know that there was an all-party agreement that we meet at nine o'clock this morning. I know you were at the meeting, Mr. Chairman. If Mr. Pope was not aware of it, it was because someone did not tell him directly that we start at nine o'clock.

Mr. Wildman: With respect, on a point of order, I received a notice from the clerk last week saying we were sitting at 10. Then on Friday my assistant called to tell me she had received an amended notice saying we were sitting at nine.

Mr. Pope: I checked with our representative on the steering committee. There was no meeting held to determine it would be nine instead of 10.

Mr. Epp: I beg to differ, Mr. Pope. In fact, when the steering committee met last week it was suggested we meet at nine and there was general consensus at that meeting. No one objected to meeting at nine o'clock this morning.

The second point is that it is true we did go past 10:30 last week but we only met one day with respect to hearing witnesses. We did not go beyond 10:30 every day.

With respect to Mr. Wright's documents, I am not sure where they are. I thought we were in possession of all the documents which he had. Do you feel that is not the case and that there is some corrected version that you should have in your possession? I think it is important that we proceed with hearing Mr. Macdonald. He has come here together with a number of other people from the IDEA Corp. in the hope of answering questions. Mr. Pope, you are aware of the issue or some of the questions and there is no reason why you could not have prepared questions on the issues as presented to us some time ago. We know what connection IDEA Corp. had with Wyda Corp. and I am not sure that there is anything in these documents that will deter us from asking the questions we need to ask with respect to answering the general question put to us by the Legislative Assembly.

Mr. Pope: How many letters have there been between Wyda and Idea Corp. and when were they?

Mr. Epp: I do not know.

Mr. Pope: We did not know and they are in this document today. How can you prepare questions with respect to these conversations? The central issue in the whole matter as I heard it discussed last week through questioning put by counsel was whether or not there was any political influence under a decision of the IDEA Corp. What we got last week was the statute establishing the IDEA Corp., bylaw 1 of the IDEA Corp., one confidential document which we, representatives of all three parties, had a look at and an extract from the board minutes. Then we find this morning that there are notes of telephone conversations, there are letters from IDEA to Mr. Dobzinski and there are telephone conversations between Mr. Logan and Caplan in March of this year. There is another telephone conversation set out earlier in the transcript in the list of documents. We are finding all this information on the spot and we are supposed to ask intelligent questions about whether or not we are satisfied that there is any political influence under decisions of the IDEA Corp.

(Mr. Pope)

To correct the record, I did not say Mr. Wright had refused to produce the document. In fact he did produce it. He showed it to me about 10:15 last Thursday evening. The reason he produced it was there was a note on one of his letters saying an aid to Mrs. Caplan had phoned to change a lot number in the declaration and to change Damaza from an inactive to an active corporation on the filing. I had not seen any such document to show that Damaza was inactive or that it was lot 10 instead of lot 20. I asked Mr. Wright at that time and he showed me the file. In fact I think he was offended. I did not mean any offence by it. He showed me the document and said, "Yes, this is where I corrected it."

1005-1 follows



(Mr. Pope)

~~and then I asked Mr. Wright at that point in time and he showed me~~
~~that I think he was offended, but I did not mean any offence by it. He showed~~
~~me the document and said, "This is wrong, it's not correct."~~ We did not have
all of the documents in his file--that is the only point I was making. Mr.
Carman was the one who objected to producing the two-page document, which he
called "advice", I presume to the Premier. You cannot carry on an intelligent
discussion of this matter, going in the direction we are going, with the
procedures we are taking. You just cannot do it.

The Vice-Chairman: If I may be permitted a comment. First, I would
assume we are discussing your concern about the schedule because everyone
knows that a motion is non-debatable. I am assuming we have not yet come to
discussing Mr. Pope's motion.

I must say I am very upset about having a compendium of 23 documents
dropped in front of me, as a member of the committee, at 9 a.m., and a witness
pertaining to those 23 documents is then to be cross-examined immediately.
This does not accord with my concept of how a proper inquiry into this matter
should be proceeding.

I want to advise members of the committee that even though I am just
vice-chairman of this committee--I do not know if Mr. Runciman would say
anything different--I am very hesitant to proceed in this matter. I can tell
you that I am personally not disposed to chair a discussion of these matters
with Mr. Macdonald and his officials on this basis.

Mr. Pope: Can I just get back to the point. If you turn to Tab
L--what we had, and this was last Thursday afternoon--we got Tab L: first of
all is the act to establish the IDEA Corporation, that is the first part;
then, was the code of conduct manual; then there was bylaw 1; next, I believe,
was the document we discussed in camera; then two-page minutes of board
meetings of March 6, 1986; and a memo dated June 12, 1986 from Mr. Logan to
the board. That was what we had--five documents in all. This morning we come
in with 23--23 documents, and I believe these are additional documents that we
did not have in our possession over the weekend. You cannot expect anyone to
formulate any questions based on a document like this, when the witness is
presently before you.

I just cannot comprehend how we can be in this position today,
especially in light of the warning I gave a week and a half ago that I was
concerned we were not going to have all of the adequate information. I did my
best. I have raised it three times in this committee--three times. I raised it
with the first two witnesses to show how important it was to the kinds of
information committee members would have access to. We called the Clerk's
office about the order of witnesses so we could start preparing. I do not know
what is going to happen the rest of the day. I do not even know who the
witnesses are who are now scheduled. I have no idea. I am supposed to sit
here--I'll say, like a dummy, and a lot of people would agree with that
comment--and not participate. This is what you are asking me to do.

The Vice-Chairman: Mr. Pope, the agenda that we have before us calls
for the IDEA Corporation officials and Mary Eberts this morning, for the
Caplans this afternoon, and the WYDA Corporation this evening.

Mr. Pope: I object. Who set that agenda?

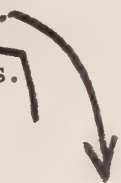
The Vice-Chairman: I can tell you that at a subcommittee meeting, at which I was present, I do not recall a final decision having been taken as to whether the Caplans were appearing in the afternoon or the evening.

Mr. Pope: I object to the Caplans appearing before we have every other witness. How can you ask people, who are central to this issue, questions when you do not even have all of the information? You do not have all of the documents produced. You do not have all of the other information at your disposal. How can you do that?

10:10 a.m.

Mr. Ward: If I may, I think Mr. Pope asked a very legitimate question in terms of who set the agenda. Maybe counsel can respond to that since obviously, in conversation with the chairman I take it, Mr. Pope, that he did not...

1010 follows.



(Mr. Ward)

Maybe counsel can respond to that, since obviously in conversation with the chairman I take it, Mr. Bell, play a role in setting the calling of the witnesses. I am interested in hearing a response from counsel with regard to the suggestion of the time and the motion which I assume will be forthcoming.

The material that is presented to us today begins with a 20 point statement by the chairman. It would seem to me to be prudent to proceed with that statement from Mr. Macdonald. From it the questions flow quite obviously. A quick review of the index of documents--I have just gone through it all. There are probably more tabs than pages in the material that is presented to us--single-page resumés and memoranda that I think are quite easy to follow. As far as I am concerned to suggest that we not proceed is most inappropriate and would just present a totally unnecessary delay.

Again, if I go back to the statements that were made in the Legislature early in June--the suggestion that some members of this committee had at their disposal prima facie evidence of a serious conflict between the Caplans and the operation of IDEA Corporation--that is the basis upon which this issue was raised, and I take it the documentation and the information that is here does not really come as something new to the members of the committee, either. Frankly, I think we should proceed.

The other comment I have to make is that my recollection was I do not believe Mr. Wright did hold back any documentation. I do disagree with that. I think he indicated clearly that the forms were sent out to all members who were effected by order in council appointments--either as cabinet ministers or as parliamentary assistants, that this information was gathered, that certain actions were required, such as divestment in some cases, and that the final documents were prepared. Certainly I understood this from Mr. Wright's testimony. I do not see it as being the withholding of information or even necessarily the manipulation of any documents.

Mr. Wildman: Perhaps counsel could inform the committee as to when he was in receipt of the documents that were tabled with the members this morning--from IDEA Corporation--and indicate the value of those documents with regard to his own line of questioning. That might give us some idea of what the importance is of these particular documents which, as yet, I have not had a chance to look at.


Mr. Bell: Counsel is going to say a lot of things.

We should take a step back for a moment and examine the chronology of this committee, since it was given its order of reference from the House. Eight days ago, persons who were indicated as necessary witnesses, were served with a letter over the signature of the chairman, informing them of their necessary attendance and informing them of the scope of the papers and things that were required to be produced.

Since that time, in whatever time has been available to me, I have met with witnesses and their counsel, after they have had an opportunity of responding or reacting to the demand for production. I know you all appreciate that takes some time.

In answer to a specific question as for the schedule that Mr. Pope was informed of on Friday, I, too, was informed of it on Friday. I do not know the circumstances of the preparation of the schedule. ~~_____~~

1015 follows.



(Mr. Bell)

~~Mr. Pope was informed of on Friday. I too was informed of it on Friday.~~
~~Under the circumstances of the preparation of the schedule.~~

with respect to the reverse order of Mary Eberts and the Innovation Development for Employment Advancement Corp. people, I assume the responsibility for that. I had to make some decisions in preparation and the decision was taken solely on the basis that Mr. Macdonald has an extremely important commitment starting at 2 p.m. at Toronto International Airport which will take him out west. It was my judgement that it was important for Mr. Macdonald to have as much time available with the committee as possible in the circumstances, so I reversed the order, and I believe I did that yesterday or Monday.

With regard to the documents which have been made available to you today, I met for an extensive period of time yesterday at the first opportunity with IDEA people and their legal counsel at the office of their legal counsel after they had reviewed all of the documentation and had organized as that which was relevant. I reviewed every stick of paper. I should tell you that probably numbers documents at least in the hundreds and I made the selection that is contained in that brief, as I believe would be most relevant and useful for the committee in its term of reference.

I first reviewed and received those documents yesterday afternoon. I received the brief of documents in its form this morning. I was grateful for IDEA's counsel in offering to prepare the brief of documents for me. Otherwise, I do not know when it would have been done because I went from IDEA Corp. offices to the offices of Wyda's legal counsel and then met for an extensive period of time with those individuals, whereupon, I again reviewed documents numbering in the hundreds. On that point, I have not reviewed all of the Wyda documents. I will have to find some time today to do that when they are made available.

Regarding Mr. Pope's comments, I make no apologies and I make no comments to the extent that I am the source of Mr. Pope's concerns. It is my job to assume that criticism. I might tell you that I do not accept it. Within the schedule that this committee has settled upon, that is going to happen. I have not yet seen documents so it is impossible, if I have not seen them and have yet to make the selection as I believe it should be made, to present them to the committee members in the manner that has been raised.

I do not think it is appropriate for me to offer any solutions. I assure you I and Mr. Peters who assisted me have had a headstanding effort to get the thing ready within the time that has been available. I challenge anybody to do a better job.

The Vice-Chairman: I do not think anyone is suggesting any fault on your part.


Mr. Bell: No, but I just want the record to be clear that your getting them as we get them.

The Vice-Chairman: We have a speaking order here. I want to stick to it.

10:20 a.m.

Mr. Epp: I do not want to belabour some of the points that Mr. Pope raised. If ne is concerned about having the Caplans at a more appropriate time after the other witnesses have been heard, we do not have any objection to it. I am sure that all members of this committee can agree to have them more appropriately. The order itself was arrived at during a steering committee meeting and at that particular time there was no objection to having it at that time. It was a suggestion made by someone. I am not sure who it was and...

P-1020-1 follows



(Mr. Epp)

~~appropriately. The order itself was arrived at during a clearing committee meeting and at that particular time there was no objection to having it at that time. It was a suggestion made by someone. I am not sure who it was and~~ that is what developed out of the discussion. If he has a time that he wants to suggest to this committee, we would be more than pleased to hear it.

Mr. Philip: The all party committee that met had the problem that Mr. Macdonald is an important witness, that he was going to be out of town and therefore, it was important that he be scheduled this morning and that we deal with him, since we do have the relevant documents which counsel has reviewed and which are before us.

With respect to the Caplans, it was understood that the key final witness since conflict of interest resides in the Premier (Mr. Peterson) would be the Premier and not the Caplans. However, the Caplans made it understood to the subcommittee through our clerk that they were on standby and were willing to appear at any time. Therefore, they were slotted in with the idea that they may have to be recalled.

I think that is quite in order in any committee and in any investigation such as this to do some preliminary questioning sometimes and then to recall the witnesses after we have had an opportunity to speak to other witnesses if the schedule permits. That is the explanation. Our counsel has done a tremendously difficult job in a very short period of time, knowing that there is a certain time restraint, namely that it would be useful for the people of Ontario to have as much of this settled or dealt with as possible before the House prorogues.

To leave this simply hanging over when parliament is not in session is probably not in the best interests not just of the government but of the taxpayers. Those are some of the restraints. All I can say is that there is somebody there from each of the three parties and they are trying to make the best deal in the light of the restraints on us. I suggest we continue.

Mr. Pope: First, with respect to Mr. Ward's comments, I would refer him to page 70 of Wednesday evening's draft transcript. At the bottom of the page, "Mr. Pope: On January 6, 1986 in the letter from yourself to Mr. Caplan, January 6, 1986, at the bottom of that there is a note of a telephone call to the Caplans' office and it indicates that there are two errors in the disclosure part of lot 20 and part of lot 10. You said that you filed with us all of your documents. You show me where in the documents Damaza is said to be inactive and where the lot 10 is indicated on the documents?

"Mr. Wright: Probably in the file. I have Tab 1. That is crossed out as being inactive and changed to active. Is that important to you?

"Mr. Pope: No.

"Mr. Wright: What I tried to do was give the committee the things which were important and the note says that changes were made.

"Mr. Pope: Yes. Is there any other document that you have that we do not have?

"Mr. Wright: I have already told you that.

(Mr. Pope)

"Mr. Pope: And with respect to the lot number and with respect to the active notation, those are both correct?

"Mr. Wright: Those are both correct.

"Mr. Pope: We have the correct version?

"Mr. Wright: You have the correct version.


"Mr. Pope: Is there no other version?

"Mr. Wright: No."

During the course of that discussion, Mr. Wright showed me, in his file, the previous filings where he had crossed out and written in the corrections and so what we did have was the corrected version. That is the only thing. I did not say he had doctored documents. I did not say anything other than we did not have in this committee all of the documents. We had what Mr. Wright considered to be relevant documents. I have some concerns with that. That is all my concern and I never implied during the course of the discussion that Mr. Wright was acting less than in a forthright manner. I never said there was a manipulation of any document.

I go back to my earlier statements. I was not criticizing counsel. I am amazed that he could get the documents together that he has. I am amazed that he would work on July 1, go around town meeting with counsel from people who are going to appear before this committee, and spend his day trying to do the best job he can for the committee. I am not criticizing the counsel's work in...

P-1025-1 follows



~~from July 1, go around town meeting with counsel from people who are going to appear before this committee and spent his day trying to do the job he can for the committee.~~

I am not criticizing the counsel's work in trying to meet our guidelines. I think the guidelines are unrealistic and, because of that, we do not have proper information at our disposal upon which to make a decision. We now found out from counsel's own words that there are documents in the hundreds that the Innovation Development for Employment Advancement Corp. has, and his analysis of the relevance of them is contained in this book. He did have the co-operation of counsel for IDEA Corp. in putting this document together in a hurry.

What that means to members of the committee is, we are examining the documents that counsel feels are relevant and that may be proper and appropriate. I would not mind having a look at the appropriate time at all the documents to analyse whether some of it may contain some information that is useful to us.

I am not saying Mr. Bell has not done his best, more than his best and more than should be expected of counsel to a legislative committee in preparing the documentation, scheduling witnesses and meeting with the witnesses ahead of time, considering that eight days ago we started on this. I have nothing but admiration for the way counsel has handled the matter. This is an inquiry on a technical matter with lots of documentation, and I do not feel we have had appropriate time to analyse these documents and engage in a proper course of questioning. I have no doubt that counsel can.

I have always felt that each individual member of this committee has a special responsibility. This committee has always been different from any other. There is some sort of suggestion that maybe Mr. Gillies and I should have got together and reviewed Mr. Gillies's documents. I want to make my own decision on the documents surrounding his allegations in the House. As an individual member of this committee, I want to make my own decision based on all the information I have.

I have not met with Mr. Gillies, and I have not reviewed his documents. Our party has no fixed position on this matter. We are looking at information in this committee, and we are going to make our decision as individual members of this committee on whether there is a problem here and what our recommendation is. We have not got a party position on this matter. We have not met in camera to analyse someone else's documents, for instance, Mr. Gillies's, and develop some line of questioning or some fixed goal that we want to arrive at. There has been no such meeting.

I am an individual member of this committee and, as a member of the Conservative caucus, I want to see all the information and I want to make my decision on all of the four questions that were put to this committee. That is my understanding of how this standing committee on public accounts always worked. It always had some independence. It always went beyond the bounds of fixing party positions. It always did its own examination of issues that were brought to its attention.

Our previous meetings as a public accounts committee in respect to the safety association have shown that. There has not been any fixed party position on the matter. Last Thursday morning there was no fixed position by

the Conservatives with respect to the mine safety association, and there was none by the Liberals or the New Democrats. We all as individuals have our own inquiries that we want to make. That is what is unique about this committee and that is why so many things are referred to it. I do not want to change that system. How can you intelligently question people on documents that are just handed to you.

Mr. Wildman: I would like to get some practicality into this whole process. There are a couple of things we have to deal with. First, I agree with the comments made by Mr. Pope with regard to the operation of this committee and the type of committee it should be and is, but if the committee has confidence in counsel, then it must expect, and have some faith in, the ability of counsel and his people to review documents and be able to determine which documents are of central importance to its investigation. I have some sympathy with Mr. Pope's view that all members of the committee should be able to review all documents, but I really do not think that is too practical. We should not be expecting all groups that come before us to bring all of their files with them.

10:30 a.m.

The other matter I would like to raise is that we have had, in passing, some comments that Mr. Macdonald was scheduled for this morning because he was leaving town at two o'clock this afternoon. It seems the longer we discuss, debate and talk around this subject, the less likely we are ever going to hear from Mr. Macdonald. We really should decide what we are going to do today;

P-1030-1 follows.



It seems the longer we discuss, debate and talk around this subject, the less likely we are ever going to hear from Mr. Macdonald. We really should decide what we are going to do today, whether we are going to proceed this morning or we are going to postpone Mr. Macdonald's appearance until later. If that is the course we decide upon then we should find out when it would be possible for Mr. Macdonald to appear.

??The Vice-Chairman: I comment as an individual member. If we proceed this morning, having just had 23 documents put in front of us which pertain to the testimony we are about to hear, I want the committee to be aware that we would do so over my personal objection. I do not think it is the way we should be proceeding. This type of procedure does not militate towards a fair conduct of the hearing and a fair adjudication of this matter.

My confidence in our counsel is boundless. I have absolutely no criticism to level at the efficient and expedient way that he has been assembling the documentation and helping to guide us in the matters that we have to consider but, as individual members of the committee, we also need time to consider the matters that are put before us. I am sorry--no more than any of the rest of you--I am not able to sit down and read 23 documents in a minute or two and then intelligently question a witness about it.

It is a democratic committee and I will be guided by the decision of the committee, but I want you to know that we would proceed this morning over my personal objections.

Mr. Epp: A number of important points have been made. I acknowledge that Mr. Pope and other members of the committee have not seen the documentation, as I have not seen it. Mr. Pope made a good point earlier that we could call back witnesses if we wanted to do that and, second, Mr. Macdonald has another appointment this afternoon. I am suggesting to you, Mr. Chairman, that we proceed now and Mr. Macdonald be given the opportunity to make a statement; and we sit as long as the committee deems that we can sit. I am prepared to sit here as long as you want, Mr. Chairman, so that we can get as much information as possible from Mr. Macdonald and his colleagues.

I move that we proceed to hear Mr. Macdonald and his colleagues from the IDEA Corp.

The Vice-Chairman: Thank you for your comments, Mr. Epp. We already have a motion to be considered so your motion would be considered in sequence.

Mr. Polsinelli: I have been listening to the arguments made by Mr. Pope for the past little while, and I agree with parts of them. I personally had that conclusion this morning with respect to whether the committee started at nine o'clock or 10 o'clock. However, my inclination would be to proceed with the hearings and listen to Mr. Macdonald and if there is a necessity to call him back then we do so at some future point.

I would also point out to the members of this committee that we are acting in a quasi-judicial capacity here, and my personal opinion is that it is very important for each one of the members sitting on this committee to hear all the evidence. Quite frankly, the most potent argument that I would see this morning in favour of an adjournment would be that three of the members are absent.

The Vice-Chairman: Mr. Pope has moved the adjournment, which is nondebatable, and I deem that motion to have been now placed. The discussion we had was about the question of scheduling.

All those in favour of adjournment.

All those opposed.

Motion negatived.

The Vice-Chairman: Mr. Epp, did you have a further motion?

Mr. Epp: No, it was exactly the opposite of what he had.

Mr. Philip: Mr. Chairman, in response to your great concern about the agenda, it was an agenda that you agreed to as a member of the subcommittee. It is simply noted for the record.

The Vice-Chairman: All I would say is that at the last discussion the subcommittee had, it had not been firmly decided whether the Caplans were appearing this afternoon. If the subcommittee decided that the IDEA people were appearing before Miss Eberts, I was unaware of it. We have now heard at least one representative from each caucus here this morning indicate that they were not aware that the committee was meeting at nine o'clock. I would suggest, Mr. Philip, it is not quite a cut and dried as you suggest.

Mr. Philip: You were there, and this is what you agreed to.

The Vice-Chairman: We call forward Mr. Macdonald, chairman of the IDEA Corp., Mr. Blakly...

P-1035-1 follows.



~~committee was meeting at 9 o'clock, so I would suggest, Mr. Phillip, it~~
~~was cut and tied as you suggest~~

~~Mr. Phillip: You were there and this is what you agreed to~~

~~The Vice-Chairman: I call forward Mr. Macdonald, chairman of the~~
~~Innovation Development for Employment Advancement Corp., Mr. Blakley, Mr.~~
Logan and Mr. Maruzzo.

Counsel has asked for a minute or two grace before we proceed if we are in agreement on that. We can proceed to swear in the witnesses.

Mr. Macdonald sworn; Mr. Blakley sworn; Mr. Logan sworn; Mr. Maruzzo sworn.

The Vice-Chairman: Could I ask you gentlemen to identify yourselves to the committee so that we can note who is sitting where, perhaps starting at my left.

Mr. Armstrong: I am Simon Armstrong, counsel to the IDEA Corp.

Mr. Logan: Daryl Logan.

Mr. Blakley: Harold Blakley.

Mr. Macdonald: Ian Macdonald.

Mr. Maruzzo: Bruno Maruzzo.

Mr. Epp: On a point of procedure: I am not sure whether all the gentlemen consider themselves to be sworn in at this point or not, because I know some of them replied, some of them did not, and so forth. I just raise that as a point of clarification.

The Vice-Chairman: Why do we not have these gentlemen swear individually.

Mr. Armstrong sworn.

Mr. Logan sworn.

Mr. Blakley sworn.

Mr. Macdonald sworn.

Mr. Maruzzo sworn.

The Vice-Chairman: Before we start with your statement, Mr. Macdonald, because some concern has been voiced about possible re-appearance, would you indicate to us--I know you are heading out west this afternoon--when it might be possible if the committee had to hear from you again?

Mr. Macdonald: I will be back Sunday morning.

The Vice-Chairman: Did you have a comment, Mr. Bell?

Mr. Bell: Yes. Before Mr. Macdonald begins his statement, I will tell you what I intend to be the format. After the statement, I intend to review with Mr. Macdonald those matters of which he has direct knowledge and experience in. For obvious reasons, let us get as much done with Mr. Macdonald as we can. I will leave the other areas to the other witnesses when Mr. Macdonald is completed. I do not intend or want this to turn into a tag team evidence presentation. It will not read well on the record and I believe it will be confusing.

Having said that, the other gentlemen are, of course, available with Mr. Macdonald, for obvious reasons, to assist him on any particular detail that is not immediately available on recall. With that proviso, sir, could you begin your statement?

Mr. Macdonald: As you heard, I am Ian Macdonald, the former chairman of the IDEA Corp. and the other gentlemen who you have met, Harold Blakley, our former president, Daryl Logan, a former vice-president, innovation assistance, and Bruno Maruzzo, a former senior manager, technical assessment, and our counsel, Simon Armstrong.

10:40 a.m.

I have a short statement I would like to read into the record, and then we would be pleased to answer your questions. We have also submitted a set of documents prepared, as you have now seen, prepared jointly by our counsel and the committee's counsel. As you know, IDEA Corp. has now ceased to exist, but I have included in the document brief a list of the former IDEA directors.

P-1040 follows



(Mr. Macdonald)

~~of documents, as you have now seen, prepared jointly by our counsel and the committee's counsel. As you know, the Innovation Development for Employment Advancement Corp. has now ceased to exist, but I have included the document brief, a list of the former IDEA directors.~~

I thought it would be helpful to describe the background we followed in the corporation. When a business or individual submits a proposal for investment funds to the IDEA Corp., the proposal goes through a number of stages of evaluation.

1. First, IDEAS's staff evaluates the technology involved to ensure it is truly innovative. Proposals are often rejected at this stage if they are based on existing technology. If the technology appears to be innovative, IDEA will often involve an independent expert at this stage to do a more comprehensive evaluation.

2. At the second stage, having passed the innovative technology hurdle successfully, the corporation then evaluates the product's potential for commercial success. During this review, staff evaluate the size and potential growth of the market in question; the strengths and weaknesses of the competition in the target market segment; the likely profitability of the product given certain price, cost and volume assumptions; and most important, the ability of the management team to not only complete development of the product but to also successfully launch it into the marketplace.

3. Assuming the proposal is still attractive, following the review at stages one and two, the staff assesses the current financial status of the company, its financial projections for the next three to five years along with the underlying assumptions, and the resulting financial requirements of the company. At this stage, staff often do a number of different financial scenarios, both to determine financial viability and to prepare for negotiations on the amount and terms of the IDEA Corp.'s investment.

4. The fourth stage involves negotiations between staff and the principals of the proponent regarding the extent of IDEA's investment and the ownership position or other security position IDEA requires in return.

5. The last stage of the process involves preparing what we call a "venture summary" which, when approved by the president, is submitted to the board of directors.

In that context, I would now like to review IDEA's dealings with Wyda. In August 1985, Wyda Systems (Canada) Inc. of Toronto submitted a business plan to the IDEA Corp.

Wyda is in the business of developing an innovative, mechanical CAD/CAM software system. In order to complete development of this system by the end of 1986, enter into a so-called beta site testing and fund the market launch of this system, Wyda projected a need for \$6 million in equity. Wyda had forecast sales of \$220 million and a net profit of \$20 million by its third year of operation. Wyda's technological claims, marketing strategy and sales projections were evaluated by independent consultants whose reports were all positive. In addition, Wyda proposed to employ six times the number of professionals it employed in research and development and administration by the end of 1987.

(Mr. Macdonald)

Wyda's business plan was received on August 12, 1985, and acknowledged in a letter to its chief executive officer on August 16, 1985. The business plan stated that the management team consisted of: Abraham Dobzinski, president and chief executive officer; Dan Talmi, vice-president and project manager; Dr. Greg Hunter, vice-president, research and principal project scientist; Professor Walker, team leader in mathematics; Dr. Tony Hodgkiss, vice-president, marketing and product manager; and Wilfred Caplan, CGA, vice-president, finance.

IDEA then began to review Wyda's proposal in the usual way. During the course of this review, a meeting was held on October 9, 1985, at which time the president of Wyda, Mr. Dobzinski, stated that Mr. Caplan would not be involved in the meetings or negotiations with IDEA Corp. in connection with Wyda's proposal in view of his relationship to Elinor Caplan, but that when IDEA required financial information that they thought Mr. Caplan could provide, they should feel free to contact Mr. Caplan directly.

The consultant's reports on the technological claims and marketing strategy involved in Wyda's proposal were received in December 1985 and January 1986, respectively, and were favourable. Accordingly, the staff of the IDEA Corp.--

P-1045 follows



(Mr. Macdonald)

~~The consultants' reports on the technological aims and marketing strategy involved in Wyda's proposal were received in December 1985 and January 1986, respectively, and were favourable. Accordingly, staff of Innovation Development for Employment Advancement Corp. then undertook to review the financial viability of Wyda's proposal. In accordance with IDEA's normal procedure, it was only after IDEA Corp. concluded that Wyda's proposal met all the innovative technology, attractive market and quality management criteria that the financial aspects were examined.~~

During this review and series of discussions, IDEA's staff met with Mr. Dobzinski, the president of Wyda, and Mr. Caplan, the vice-president, finance, of Wyda. These discussions and subsequent negotiations pertained to the financial aspects of the proposal and consisted of several telephone calls and meetings in late January and early February 1986.

Early in February 1986, a venture summary was prepared by the staff of the corporation, approved by the president and circulated to the board on February 12, 1986, for consideration at its meeting on February 19, 1986.

On February 19, IDEA was advised that it was being wound up. Accordingly, although the Wyda proposal was scheduled to be considered by the board that day, time and the loss of a quorum did not permit it to be considered until the board met again on March 6, 1986.

Daryl Logan attended the March 6 board meeting and presented the Wyda proposal to the board. At an early point in the presentation, Mr. Logan reviewed Wyda's management team and made reference Mr. Wilf Capalan as the vice-president, finance. He said Mr. Caplan was the husband of an Ontario cabinet minister. Since this was the first occasion on which the board had to consider a proposal from a company where one of the members of its management team was the spouse of a cabinet minister, I felt it was important to give the board members an opportunity to make any comments they might have. The board was unanimous in its view that the proposal from Wyda would be considered in the same manner as any of the other proposals, namely, on its ability to meet the criteria I have just enumerated.

Accordingly, Mr. Logan continued to present the details of the proposal to the board. At the end of the meeting, a motion was passed authorizing an investment of \$1.7 million from the research investment fund of the IDEA Corp. in Wyda in return for 18 per cent of the common shares, with an option to invest a further \$1.3 million within a year for an additional nine per cent of the common shares.

The board's approval of the investment in Wyda was communicated to Wyda in a letter from Mr. Logan to the president of Wyda dated March 21, 1986. As with all the corporation's investments, this commitment was subject to the approval by the IDEA Corp. of the appropriate legal documentation.

After the board meeting, the preparation of the legal documents began. As part of this, Wyda was required to disclose all contracts that were material to it and contracts with officers and directors of Wyda. As part of this disclosure, Wyda provided a copy of the January 31, 1985 consulting agreement between it and Damaza Consultants Ltd., Mr. Caplan's company. The agreement specifically excluded any fee with respect to funding obtained from Ontario government ministries or agencies, and this was confirmed by a

specific acknowledgement dated April 11, 1986, stating that no amount whatsoever was payable by Wyda to Damaza in respect of the financing to be provided by IDEA.

Subsequent to March 6, an agreement was reached with Wyda whereby if it extinguished \$4.5 million of debt, IDEA would exercise its option immediately and consider a further \$500,000 investment provided it was matched by \$500,000 from others. Wyda arranged for the extinguishment of the debt, and, accordingly, the option was exercised so that the transaction became a share purchase of 27 per cent of the equity of Wyda for \$3 million.


The subscription agreement between IDEA and Wyda was signed on April 12 and the transaction closed on April 18, 1986 when a cheque was issued by IDEA to Wyda for the requisite number of shares.

Following the closing, Mr. Logan maintained contact with Wyda, both to supervise its business activity and to follow through on the additional financing.

10:50 a.m.

During discussions in this regard, in late May or early June 1986, Mr. Logan was informed that Wyda's relationship with Mr. Caplan was going to end-

P-1050 follows



(Mr. Macdonald)

During discussions in this regard, in late May or early June 1986, Mr. Logan was informed that Wyda's relationship with Mr. Caplan was going to be terminated and that Wyda was going to pay Mr. Caplan \$8,000 per month for the next two or three months.

At IDEA's June 18 board meeting, the proposal for the additional financing for Wyda was on the agenda and the board was provided with transcripts of Hansard and the several press reports dealing with questions in the Legislature pertaining to Mr. Caplan's relationship to Wyda and to Wyda's transaction with IDEA. Those press reports were the subject matter of a discussion by the board at which time the board reaffirmed that IDEA would continue to deal with the Wyda financing on the basis of its meeting the normal IDEA criteria.

Following this discussion, the board approved the additional financing proposing, subject to certain terms about Wyda's obtaining matching investment of IDEA's funds and to there being evidence that certain engineering achievements were reached.

Let me say by way of conclusion that, throughout, IDEA approached its dealings with Wyda as it did every other proposal that came before it. I hope the foregoing statement will assist the honourable members of the committee in understanding the nature of the transaction between Wyda and IDEA Corp.

Mr. Bell: Before we proceed with particular questions, let us give for the record some description of the brief of documentation. You may want to seek the assistance of counsel. It is confirmed that the documents in this brief come from essentially two sources, the original files of the IDEA Corp. and the original files of your legal counsel. Is that correct?

Mr. Macdonald: Yes.

Mr. Bell: In some of these documents there are blanks. I invite you to seek the assistance of your counsel. Can you confirm that those deletions, in so far as the public record is concerned, are exclusively matters that IDEA and its legal counsel believe to be confidential or technological information or that are on some commercial grounds matters likely to give a competitive advantage to Wyda's competitors?

Mr. Macdonald: That is my understanding.

Mr. Bell: Let me finish this. Plus information of a financial nature that would allow competitors to trace the timing and the stage of the development of the particular product?

Mr. Macdonald: That is my understanding.

Mr. Bell: The type of deletions are in substance the same as some members of this committee discussed with Mr. Blakley at a meeting this past Wednesday evening?

Mr. Macdonald: Yes. The concern is with information that could affect the commercial viability.

Mr. Bell: For the record, will you confirm that I have copies of all

the unexpurgated documents and that the committee will be asked to decide, as with the document we reviewed this past Wednesday, to receive that information in camera? Is that fair?


Mr. Macdonald: It is my understanding.

Mr. Bell: I just wanted to clear that up. In a general sense, can we track with you the timing and the extent of your direct involvement and knowledge of the matters involving IDEA's investment in Wyda? When did you first learn there was a proposal to be made to the board of directors about the investment in Wyda, and what were the particulars of that information?

Mr. Macdonald: Normally, four or five days before the material is sent out to the board, I have a meeting with the president and the officers of the corporation involved in that investment to be briefed on all the circumstances of it for presentation to the board.

Mr. Bell: All right. In particular then, tab 9 contains a copy of the venture summary that was--

P-1055 follows



Mr. Bell: All right. In particular, then, tab 9 contains a copy of the venture summary that was prepared. Some members of the committee have already seen this document with Mr. Blakley. This is the edited version.

Do I understand your evidence to be that your first knowledge of and involvement with the matter of IDEA Corp.'s investment in Wyda and all its particulars occurred within four or five days prior to the date of this document, February 12?

Mr. Macdonald: That is correct.

Mr. Bell: What was the extent of the information made available to you at that time?

Mr. Macdonald: The information that is in this document 9 would be the basis of the briefing the staff gave to me.

Mr. Pope: I am sorry, Mr. Chairman, and I apologize to counsel. On a point of order: on my document the information to be deleted is legible.

Mr. Armstrong: If I can clarify, the members of the committee would have received a copy of this document last week. Is that not correct?

The Vice-Chairman: No. A subcommittee of this committee met to review certain sensitive documents, to see whether they would be put into the public domain or not. Some of them were to have certain information deleted from them for reasons of importance to the Wyda Corp. It now becomes apparent that some of the information to be deleted is legible in the copies that we have before us.

Mr. Bell: I can tell you that on my instructions Mr. Arnott prepared an expurgated version and sent it to IDEA Corp. for their approval by three o'clock Friday afternoon. In accordance with his written communication, since no approval was received by three o'clock, he assumed that the version was acceptable.

I am just going to have to ask, and the committee is going to have to ask, for the utmost co-operation and understanding of the press. I cannot emphasize too strongly that if any information is disclosed that ought not to be disclosed for good, sound financial, commercial and competitive reasons--I do not think anybody in this room wants to be involved in any consequences that might involve.

Interjection.

Mr. Bell: We do not need to talk about the accelerated schedule again. Please, bear with us. We will expurgate that which should not be readily apparent, and do not receive and do not report upon anything until ??

The Vice-Chairman: I go back to my earlier comments. I have proceeded this morning on this basis, under protest. This is not appropriate. It is apparent that the way the documentation is being presented and the way the committee is proceeding is precipitous. The committee members have not had an opportunity to review any of this material and even discover something so obvious as the disclosure in that document. I ask the committee again whether we propose to continue this morning.

Mr. Ward: I think the committee has already determined that it wishes to proceed. Mr. Bell, who acts as counsel for this committee, has had an opportunity to review the documentation and have a hand in presenting this material. The fact that there are typos or items contained in the material that were intended to be blacked out but are not blacked out in Mr. Pope's is hardly justification for us not to continue. I think we are losing sight of the fact that Mr. Bell acts as counsel to this committee collectively, and I think he is quite capable of proceeding with the questions and leading us through the evidence. We have made that decision to proceed.

The Vice-Chairman: With respect, none of us is an officer or principal of the Wyda Corp. Some of this information could be sensitive to their viability as a corporation.

Mr. Ward: It is my understanding that this documentation has not been distributed beyond the members of the committee, so what is the problem?

11 a.m.

Mr. Bell: I think the matters that are legible are merely five or six things that were blacked out, but not blacked out sufficiently. I have...

1100 follows



Mr. Bell: ~~I think the matters that are legible are merely five~~
~~six things that were blacked out, but not blacked out sufficiently. I am~~
every confidence in the press, that they will exercise the utmost judgement
and responsibility in this regard. We will make sure that nothing is legible
that ought not to be before it is made public.

Mr. Wildman: Obviously the technical matters are not central to the
business at hand for this committee. While I have a great deal of respect for
the members of the press as well, I do not think it is wise for us to red flag
them and say, "Please do not look at certain things." That has never worked in
my experience with the press.

Mr. Bell: The record should also show that substantially all of the
matters Mr. Blakley wanted deleted have been deleted from this version. It is
just a question of some isolated matters that were not taken out by white-out
and were taken out by marker. Frankly, I do not see it as a real problem. I
would like to proceed, if possible.

The Vice-Chairman: I remind members of the committee--it is all very
well to ask people to exercise judgement--there are cameras in the room, one
of which is located right behind me, that could very well take a picture of
the document as I am reading it.

Mr. Epp: Particularly when you are holding it up.

The Vice-Chairman: Particularly when I am holding it up like this.
There is nobody on the camera.

This happened to somebody's budget once, did it not?

Mr. Epp: Maybe I should hold mine up too.

Mr. Armstrong: I really question this. Just to clarify, I confirmed
with Mr. Logan that this version the committee saw last week was sent back to
IDEA and was approved. In point of fact, the shadings on page 2--and I believe
that is all there are--

Interjection.

Mr. Armstrong: They are are different than the things that were
taken out. These were additional things that we were considering. As far as we
are concerned, this is the version that the committee had last Friday, and we
did not delete anything further from it.

Mr. Bell: May we take from that comment that IDEA has not intended
that those things that are shaded should be deleted?

Mr. Armstrong: That is correct.

Mr. Bell: Can we take it that is somebody's magic marker?

Mr. Armstrong: That is correct.

Mr. Bell: It is a bit like the snail that was never in the bottle.
The lawyers in this room will understand that.

The Vice-Chairman: If that is the case, then we should proceed.

Mr. Bell: Mr. Macdonald, back to your tab 9. I understand you to say that the four or five days before February 12, when you were first informed of the Wyda matter, the extent of your information in that time was limited to this document?

Mr. Macdonald: Yes. Our purpose is to prepare me to be confident that all the information would be made available to the board.

Mr. Bell: With whom at IDEA did you have discussions when you first received this document?

Mr. Macdonald: With Mr. Blakley and Mr. Logan.

Mr. Bell: You reviewed it immediately upon being provided with a copy?

Mr. Macdonald: Yes. We had a scheduled meeting for the business that was about to come before the board on February, and this was part of the presentation in general.

Mr. Bell: Would you turn to page 5 of that document. I take it that you read the reference to Mr. Caplan that day as it is found on this page?

Mr. Macdonald: Yes.

Mr. Bell: Does that represent the first time you were aware of Mr. Caplan's association with Wyda?

Mr. Macdonald: Yes, it was.

Mr. Bell: What reaction did you have to that information?

Mr. Macdonald: I said this would certainly have to be brought to the attention of the board at the beginning of the board's discussion because it was the first time we had placed that kind of an association.

Mr. Bell: Why did you make that comment?

Mr. Macdonald: Because to my knowledge it was the first time we had a spouse of a cabinet minister involved in any way as party to an applicant for an investment by IDEA Corp.?

Mr. Bell: So what? What was the basis of your concern?

Mr. Macdonald: Just that it seemed to me this was...

1105 follows



~~Mr. Bell: So what? What was the basis for your decision?~~

Mr. Macdonald: Just that it seemed to me that this information that the board should know. If questions were raised subsequently, and I had known about his relationship and did not inform my board, I think the board would ask me why I had not so informed it.

Mr. Bell: It was a matter of judgement. Did you seek any further particulars of Mr. Caplan's involvement--

Mr. Macdonald: No.

Mr. Bell: Just let me finish. Did you seek any further particulars of Mr. Caplan's involvement from any of the individuals you spoke to that day?

Mr. Macdonald: No, I did not.

Mr. Bell: Did you subsequently seek any further information as for his involvement between the date you first received and reviewed that document and the board meeting of March 6, where the investment was approved?

Mr. Macdonald: No, I did not.

Mr. Bell: Can we then track, going forward from the first date or February 12, what was your next involvement in the Wyda matter and Mr. Caplan's association with Wyda?

Mr. Macdonald: The board meeting of March 6.

Mr. Bell: I take you a step back for a moment. I understand that the proposal was originally scheduled to be considered by the board at its February 19 meeting.

Mr. Macdonald: Yes, it was.

Mr. Bell: Why did that not occur?

Mr. Macdonald: We were called by Mr. Kruger two or three days before that time. He said that he wanted to come to the board meeting to make a presentation about the government's decision with respect to the future of the IDEA Corp. At that point I said, "In that case, we had better have that matter immediately at the beginning of the agenda." It seemed to me rather important, that people would want to know about that first off.

That then resulted in quite a lengthy description by Mr. Kruger of the government's decision and intentions, to which we invited not only the board, but the staff of the corporation to hear. That consumed the morning, and at that point--the meeting would normally take place through the morning--we ran out of time and lost our quorum, and it was determined to hold over those investment decisions until the next meeting.

Mr. Bell: The committee is going to have made available to it later this morning and before the break copies of that minute which I obtained over the weekend from Mr. Kruger, who is going to appear some time later. Not to break the continuity of your testimony, can you confirm that Wyda was discussed at that February 19 meeting, at least in an indirect way, and in particular, questions were raised at that meeting about in view of the announced termination of IDEA what proposals could thereafter be considered by the board?

Mr. Macdonald: As I recall, some members of the board asked Mr. Kruger what the intention was about the future of the corporation with respect to those matters that were currently either on the agenda of the board or within the staff of the corporation? His reply, if I recall his words correctly, was: "It is business as usual. We want you to complete those transactions"--again, I believe in his words--"that are in the pipeline," and that we should carry on in the regular manner.

Mr. Bell: Is your next involvement with this matter the March 6 meeting?

Mr. Macdonald: That is correct.

Mr. Bell: Was there anything about a snowstorm on February 19 that prevented the meeting from either starting when it was scheduled or continuing beyond its originally scheduled date?

Mr. Macdonald: Do you mean a snowstorm outside?

Mr. Bell: On February 19.

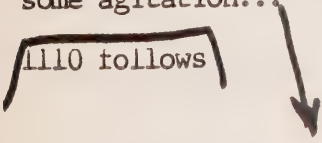
Interjections.

Mr. Bell: As the commercial goes, thank you, we needed that.

11:10 a.m.

Mr. Macdonald: I think there was. I seem to recall, as often happens in the winter with a number of out-of-town board members being in a state of some agitation...

1110 follows



~~Mr. Bell:~~

~~Thank you. It is noted that~~

Mr. Macdonald: ~~There was. I seem to recall, as often happens~~
~~in the winter with a number of out of town board members being in the~~
~~San Francisco~~ knowing that we had this announcement and other business. I
think one or two members were delayed in getting their--

Mr. Bell: Can you tell the committee what material was made
available to the IDEA board on or before March 6, in respect of the Wyda
proposal? You might have reference to the documents which you have provided to
the committee.

Mr. Macdonald: Prior to the committee meeting that actually took
place on March 6, scheduled because of 19th, the material presented to the
board in its entirety would be this venture summary.

Mr. Bell: That is tab 9? -

Mr. Macdonald: Tab 9.

Mr. Bell: What else was made available?

Mr. Macdonald: That is all I am aware of.

Mr. Logan: If I may answer, there was a copy of the consultant's
report that reviewed the marketing strategy and the market objections. I think
there was also a copy of Wyda's financial statement as of October 1985.

Mr. Bell: Are those latter two documents the ones that the committee
has already received and has decided to review those with your people in
camera?

Mr. Blakley: Those were the only two documents to my knowledge that
went out to directors in addition to what is in tab 9.

Mr. Bell: Does that accord with your recollection, Mr. Macdonald?

Mr. Macdonald: Yes. I honestly do not remember what parts of those
documents we sent out and which were actually dealt with in presentation to
the board. I am sure Mr. Blakley's recollection is correct.

Mr. Bell: Could you turn to tab 13 please. What is the quorum for the
board of directors?

Mr. Macdonald: A majority.

Mr. Bell: A simple majority?

Mr. Macdonald: A simple majority.

Mr. Bell: Just for the record, this is an attendance list of the
director's meeting on the date that we are discussing?

Mr. Macdonald: That is correct.

Mr. Bell: Do we take it that where we see a tick beside the names of
the individuals that they were present at the meeting?

Mr. Macdonald: Correct.

Mr. Bell: For those who have a 9:30 time beside the tick may we take it that indicates when they arrived?

Mr. Macdonald: That was their expected time of arrival.

Mr. Bell: We know they arrived because they were ticked. Do we know when they arrived in relation to the Wyda presentation?

Mr. Macdonald: I know the business of the board did not commence until all those members ticked were present. In other words, we were late starting.

Mr. Bell: There is a fraction at the bottom, seven of 13. Does that indicate the number attending out of the total directors?

Mr. Macdonald: That is a notation the secretary gives normally to indicate simply what the quorum is.

Mr. Bell: Do we take it that the seven represented by that fraction are the seven people who are ticked under the March 6, column?


Mr. Macdonald: Correct.

Mr. Bell: It excludes Mr. Blakley, who is ticked but in another area?

Mr. Macdonald: Mr. Blakley is not a member of the board.

Mr. Bell: Just flipping back for a moment, forgive me members. Your tab 1, shows--all right I am sorry. Are you or your associates here today aware of the reasons why of the people who did not attend? Specifically, Mr. P. Barnes at the bottom is written in.

P-1115-1 follows



sh
(Mr. Bell)

~~assembly. I am not aware of the reasons why or the people who did not~~
attend? Specifically, Mr. P. Barnes at the bottom in ~~and~~ is. Is that correct?

Macdonald: Sorry, are you referring to tab 1, or tab 9?

Mr. Bell: I am sorry, I am back to tab 13. I am back to the attendance. Mr. Barnes is written in and then it is indicated that he is not there.

Mr. Macdonald: Mr. Barnes was certainly not present at the meeting. The technicality with Mr. Barnes is that he was appointed to the board as the representative of the Ministry of Industry, Trade and Technology some time ago. At some point during this past year, he was moved over to community and social services.

Mr. Bell: I understand your note in tab 1. My question is do you know why he was not in attendance at the March 6, meeting?

Mr. Macdonald: He said once he moved to community and social services it was not his intention and he did not think it was appropriate to continue to participate in the work of the board. That tended to be highlighted in that manner.

Mr. Bell: Tab 14. Can you confirm for the Wyda matter, and with the exception of certain deletions for the reasons we have already indicated on the record, that represents the total board minute?

Mr. Macdonald: Yes, it does.

Mr. Bell: You have read that minute before today and we take it you concur that it accurately reflects the substance of the discussion and the motion which occurred at that time?

Mr. Macdonald: I believe it does.

Mr. Bell: The motion speaks of the investment in two parts, \$1.7 million and then \$1.3 million. Can you confirm that on March 6, the directors in fact approved an investment for a total of \$3 million?

Mr. Macdonald: Yes. That is the normal forum in which our resolutions are phrased. The initial amount, the optional amount and always the wording subject to IDEA's approval of all closing documentations.

Mr. Bell: The option referred to in the motion you can confirm, in fact was exercised at this meeting, that is for the second \$1.3 million?

Mr. Macdonald: That is an approved option approved by the board for the corporation to exercise in its judgement at the appropriate time within the year.

Mr. Bell: You can confirm that the option was exercised at or about this March 6 meeting?

Mr. Macdonald: Shortly thereafter I believe.

Mr. Bell: Who exercised it, the board or administration?

Mr. Macdonald: Administration.

Mr. Bell: As far as the directors are concerned, is the authority to exercise it given by the motion?

Mr. Macdonald: Yes it is.

Mr. Bell: Did the board know when it passed this motion that the option would be exercised immediately thereafter?

Mr. Macdonald: I do not believe the timing was discussed other than the generality that it was available within a year.

Mr. Bell: Were you as a board informed at the meeting that the option would be exercised immediately thereafter?

Mr. Macdonald: I do not believe we were, no.

Mr. Bell: Did you, or any other members of the board subsequently make inquiries to determine why the option was exercised immediately thereafter?

Mr. Macdonald: I do not know about other members of the board, as to whether they had made individual inquiries, I doubt it. Certainly they did not make them to me. The full track of what happened thereafter came to light when the matter came back for further consideration at the later board meeting.

Mr. Bell: This is the June 18, meeting which we look at momentarily. I take your answer to be, no you did not make inquiries to determine why it had been exercised immediately thereafter.

11:20 a.m.

Mr. Macdonald: That is correct.

P-1120-1 follows



~~Mr. Bell:~~

~~meeting, which we will look at momentarily.~~

~~Mr. Macdonald:~~

~~Mr. Bell: I take it your answer is that you did not make inquiries to determine why it had been exercised immediately thereafter.~~

~~Mr. Macdonald: That is correct.~~

Mr. Bell: However, you were subsequently informed at or about the June 18 meeting of the reason?

Mr. Macdonald: In the corporation's closed June 18 meeting.

Mr. Bell: Mr. Macdonald, would you turn to tab 10? Do you have that?

Mr. Macdonald: Yes.

Mr. Bell: There is a handwritten note at the top--I believe it is for the assistance of the committee--which indicates this is an excerpt from a slide presentation prepared by staff for a board meeting on February 19, 1986. Was this slide presentation made at the March 6 meeting?

Mr. Macdonald: It was.

Mr. Bell: Did the board members have at least these three pages available to each of them when the presentation was made?

Mr. Macdonald: I do not believe so, but I ?? from the staff ??

Mr. Bell: When it is referred to as a slide presentation, may we take it that what was presented was an overhead projection of the very pages.

Mr. Macdonald: Yes.

Mr. Bell: This represents three pages of a number of pages that were presented, correct?

Mr. Macdonald: Yes. The overhead is intended to provide ??

Mr. Bell: Is it fair to say that the overhead does not contain anything in substance that is not found in the venture summary?

Mr. Macdonald: In my opinion, that is a fair assessment.

Mr. Bell: This part is headed "Management." By the way, is this the language of your staff in putting this together? In other words, is this your staff's work?

Mr. Macdonald: Yes.

Mr. Bell: Under "Management," it says, "Wyda has a strong management team although at this point leans heavily to technical side." Then on the first page is a description of the president. The second page is a description of the project development team. The third page is headed, "Have decent coverage in operating areas, but will need strengthening as launch approaches." I might as well deal with that. What did you or your staff mean by "decent coverage?"

Mr. Macdonald: I believe that refers to the kind of financial management that will be required once the company begins its operation. They have been through the pre-venture phase, but once they go into operation, both in terms of marketing and finance, in other words conducting their business, it was the opinion of the staff that they would need and indeed they were aware of the fortification required. However, I would like assistance on that to be sure I have interpreted it correctly.

Mr. Logan: As with a lot of very early stage companies, especially when they are in high technology, they tend to have a high technology background. They tend to be engineers and whatnot. They are technical people. It is often the case with their companies that they are very strong technically. Especially when they are not in business or selling products yet, some of their other operating areas are not as built up and as strengthened.

When I prepared this presentation, I was trying to indicate that they were reasonably good in the operating area, but as they came closer to the point where they had to launch this product into the marketplace, those other operating areas would need to be strengthened.


Mr. Bell: Is your comment "decent coverage" intended to apply to the individuals named on this page?

Mr. Logan: Yes.

Mr. Bell: Can you tell me then what you meant by the term "decent coverage" as it applies to Mr. Caplan?

Mr. Logan: As it applies to Mr. Caplan, the entire financial and administration group of Wyda amounted to Mr. Caplan. I think there are two secretaries, one of whom does some bookkeeping, pays bills and whatnot. In terms of marketing, . . .

P-1125 follows



~~amounted to Mr. Caplan. I think there are two secretaries, one of whom does~~
~~some bookkeeping, pays bills and whatnot. In terms of marketing, I believe~~
there is only one person in marketing and that is Tony ??Hodgkiss. There are
no sales people. All the rest are technical people. Actually, they are
research and development people.

Mr. Bell: As of the date you prepared this, I take it any reference
to Mr. Caplan under the phrases "decent coverage" and "will need
strengthening" is not that he needs to be replaced but that he needs to have a
further complement of staff on the financial side.

Mr. Logan: Certainly. Both the financial and the marketing sales
side needed to be built up.

Mr. Bell: Mr. Macdonald, when this presentation was made or at any
time during the board meeting, was the association between Mr. Caplan and
Elinor Caplan raised and discussed?

Mr. Macdonald: Yes, that was made explicit at that stage of the
slide show.

Mr. Bell: By whom?

Mr. Macdonald: By me.

Mr. Bell: What did you say?

Mr. Macdonald: I stopped the discussion at that point and I said,
"Before we go any further, I think the board should know that Mr. Caplan is
the spouse of Elinor Caplan." Then I suggested the board consider whether that
would make any difference to its proceedings by normal procedure and according
to its normal investment criteria. It did not.

Mr. Bell: Was that unanimous?

Mr. Macdonald: Yes.

Mr. Bell: Can you recall any specific comments that were made by the
directors present?

Mr. Macdonald: There was no dissent nor even any extended discussion.

Mr. Bell: Can you recall any specific comments made by any of the
other directors present?

Mr. Macdonald: I do not believe there were any.

Mr. Bell: Was there any other discussion involving or relating to
Mr. Caplan at any other time during that meeting?

Mr. Macdonald: No.

Mr. Bell: Will you turn to tab 11?

Mr. Epp: What was the date of that meeting?

Mr. Bell: March 6.

Are you able to tell the committee whether that document--and I have only excerpted one page of it--was available to and discussed by the board in the March 6 meeting?

Mr. Macdonald: Personally, I do not recall that document being circulated, being available or being discussed. Mr. Blakley, do you?

Mr. Blakley: No. It is simply a graphic representation of what was on the slide.

Mr. Bell: That was a document reviewed only by staff?

Mr. Macdonald: Yes.

Mr. Bell: Not the board?

Mr. Macdonald: Not the board.

Mr. Bell: I am just trying to get the record clear about what the board had or did not have.

What was your next involvement with the Wyda matter after the March 6 meeting?

Mr. Macdonald: My only other involvement was to learn that the normal process of preparing the legal documentation was under way. Beyond that, I would not have any further ??reference normally, nor would the board, unless there were some unanticipated or unexpected difficulties with it that the staff and the president felt should be referred back to the board. Once the board had formed the resolution, the normal practice is for the president to take over from there and to see the deal through according to the procedures of the corporation.

Mr. Bell: I think it may be appropriate to deal with this issue through other witnesses.

You have read the closing and are aware of the contents of the closing documentation in this deal, correct?

Mr. Macdonald: Yes.

11:30 a.m.

Mr. Bell: Are you able to confirm that what the directors approved on March 6 is represented by those closing documents?

Mr. Macdonald: I believe it is fairly represented by those documents.

Mr. Bell: Would you turn to tab 18? Are you able to confirm that is IDEA's requisition form for the closing funds?

P-1130 follows



~~(Mr. Bell)~~

~~able to confirm that is the Innovation Development for Employment
Advancement program's requisition form as for the closing funds?~~

Mr. Macdonald: Yes, that is our standard requisition form.

Mr. Bell: And on April 18 when the deal was closed the funds that were provided by IDEA amounted to \$3 million?

Mr. Macdonald: That is correct.

Mr. Bell: Does that size of an investment require order in council approval before it is implemented?

Mr. Macdonald: No.

Mr. Bell: Is there any size of an investment with the IDEA Corp. which requires order in council approval?

Mr. Macdonald: I believe not.

Mr. Bell: Is there any size of an investment that requires prior ministerial and/or government approval before it is implemented?

Mr. Macdonald: No. The board's and the corporation's direction from the beginning was to operate independently in so far as the investments were concerned to operate at arm's length and to exercise its judgement according to the investment criteria and the objectives of the corporation.

Mr. Bell: Let us just deal with this point while we are here. There was another matter involving Wyda and IDEA that was closed last Friday. Is that correct?

Mr. Macdonald: Correct.

Mr. Bell: Is that the further investment of \$500,000?

Mr. Macdonald: That is the further investment that gave the board the order in June.

Mr. Bell: June 18; we will look at that in a minute but I want to deal with this issue now. The total investment of IDEA is \$3.5 million.

Mr. Macdonald: The total investment of IDEA is \$3 million. The board authorized an additional \$500,000 subject to certain conditions being met both in terms of matching funds and engineering tests over the next six months.

Mr. Bell: How does that tank in terms of size of investments that IDEA has made with other sources without disclosing them?

Mr. Macdonald: It is up to the fourth, fifth or sixth in our--

Mr. Blakeley: It was tab 5 or 6.

Mr. Bell: Would you turn to tab 19, Mr. Macdonald? Are you able to confirm that that is the document that you and your other directors received on or about its date from Mr. Logan?

Mr. Macdonald: Correct.

Mr. Bell: And that deals with the issue of the further investment of IDMA beyond the initial \$3 million?

Mr. Macdonald: Yes, that is correct.

Mr. Armstrong: Excuse me, Mr. Bell. Mr. Macdonald, if I could just jump in here. I think Mr. Macdonald said that there was a further closing last Friday. That is not quite accurate. What was going on last Friday was an executive committee meeting to consider the specific criteria for the further investment of \$500,000 which Mr. Macdonald referred to in his statement. That is not closed yet.

Mr. Macdonald: I am sorry, I do not recall saying it closing. I think I said the board approved.

Mr. Bell: I think my question had the word "closing" in it. I got that somewhere in the last but I cannot tell you where I got it.

Mr. Macdonald: You are quite correct, it was not closing, it was the authorization to proceed to a closing.

Mr. Bell: Has that authorization now been given to proceed to closing?

Mr. Macdonald: On June 18, the board asked the executive committee to proceed to authorize the funding subject to certain conditions being met. The purpose of the executive committee, on June 27, was to hear from the staff that those conditions had been met and then to authorize the further investment.


Mr. Bell: Has a closing date been set? Has a closing schedule been set in which time the closing will take place?

Mr. Logan: No.

Mr. Macdonald: It is a little unusual, as you are aware, because the corporation concluded its formal responsibility on June ??18.

Mr. Bell: The second paragraph of this tab 19 document--

(Tape P-1135 follows)



~~corporation concluded its formal responsibilities on June 1986~~

Mr. Bell: In regard to the second paragraph of this tab 19 document can you confirm that that paragraph speaks to the condition that IDEA stipulated for in return for its exercise immediately of the options for the second \$1.3 million?

Mr. Macdonald: That is the report of the staff to the board on its disposition of the option.

Mr. Bell: But that is what IDEA sought and attained from Wyda in return for the immediate exercise of the option.

Mr. Macdonald: Correct.

Mr. Bell: As far as IDEA was concerned some of the debt of the company to a maximum of \$4.5 million would be retired when in relation to Wyda's receipt of the \$3 million? That is a question.

Mr. Macdonald: I will ask Mr. Logan if he would answer that.

Mr. Bell: Can you tell us about the timing of the retirement of the debt and the receipt of IDEA's money?

Mr. Logan: We wanted the debt to be retired either at or immediately prior to our applying the \$3 million.

Mr. Bell: As far as IDEA is concerned was any of its \$3 million to be used to retire the \$3.5 million?

Mr. Logan: No.

Mr. Bell: Do you know whether any of IDEA's money was used to retire the \$4.5 million?

Mr. Logan: We observed cheques that flowed into the company but then went out again and had documentation that the debt was thus retired.

Mr. Bell: Can you say with confidence that none of the \$3 million received from IDEA was used to retire the \$4.5 million?

Mr. Logan: Yes.

Mr. Bell: Is that your understanding, Mr. Macdonald?

Mr. Macdonald: Yes.

Mr. Bell: Is that the understanding of the rest of the board of directors?

Mr. Macdonald: I believe so.

Mr. Bell: On tab 20, Mr. Macdonald, can you confirm that you received this document on or about its date?

Mr. Macdonald: Correct.

Mr. Bell: Was this intended to be a briefing document for directors for the purpose of the June 18 meeting?

Mr. Macdonald: Yes, it was. It was sent to us as part of the material in preparation for the June 18 meeting.

Mr. Bell: Can you confirm that whereas the May 5 document spoke in terms of a \$500,000 investment as recommended by staff this document now speaks to an additional \$1 million investment?

Mr. Macdonald: Correct.

Mr. Bell: On tab 21: When did you first see this document?

Mr. Macdonald: Just within the last few days during the preparation of documentation.

Mr. Bell: Were you aware that Wyda had been informed prior to the June 18 meeting that a proposal for a further investment of \$1 by IDEA would be made?

Mr. Macdonald: Yes. I understood from Mr. Blakley and Mr. Logan that this was the nature of the proposal to come on June 18.

Mr. Bell: Were you aware that Wyda had been informed before that meeting of that proposal?

Mr. Macdonald: No.

Mr. Bell: Can you comment if that is common practice to inform companies of a proposal to be made by the board of directors prior to its being made?

Mr. Macdonald: It depends very largely on the timing and flow of the discussions. In this particular instance, this being the last board meeting, an exception may have been made in this case. I think Mr. Blakley and Mr. Logan can speak to the process of discussion that goes on with the funds.

11:40 a.m.

Mr. Logan: We do not do this kind of thing in every case. Sometimes it is communicated orally and sometimes via letter, but it is quite common to--

(Tape P-1140 follows)



Mr. Logan: ~~We do not do this kind of thing in every case. Some times it is communicated orally, sometimes via letter but it is quite common to write a letter to the company to let them what we intend to impose.~~

Mr. Bell: Tab 22, Mr. Macdonald.

I intend to get back to these documents with other witnesses but I want to complete Mr. Macdonald's direct involvement.

Are you at tab 22? Can you confirm that the first page is the agenda of the June 18 meeting and the only matter under investment is the ??Wyda systems?

Mr. Macdonald: Correct.

Mr. Bell: The second page is the attendance sheet?

Mr. Macdonald: Correct.

Mr. Bell: Is the quorum a majority of those present or a majority of the total number of directors appointed.

Mr. Macdonald: The quorum is the majority of those who are directors at that point in time.

Mr. Bell: Is there an explanation why, on February 19, the total number of directors indicated was 13 and it is now at 11?

Mr. Macdonald: Yes, Mr. MacKinnon was appointed subsequently to the March 6 meeting. I think that was the only change that had been given the board, it is not?

Mr. Blakley: By that time, ??name resigned.

Mr. Macdonald: Correct. One other member had resigned for other reasons.

Mr. Bell: Okay.

Mr. Wildman: Could you explain how a person can be "may be present?"

Mr. Macdonald: It says "may be." This is the indicated attendance.

Mr. Wildman: Oh, alright.

Mr. Macdonald: We were advised that he was uncertain and he did not, in fact, appear with us.

Mr. Bell: Can you confirm, Mr. Macdonald, that the following documents in tab 22, represent some of the documentation that was made available to the board at this meeting?

Mr. Macdonald: Yes, these were all sent out with the advance printed material.

Mr. Bell: Alright. Was there anything else that was made available?

Mr. Macdonald: Only the June 12 memorandum, which we have already looked at, these price reports and the statement from an extract from Hansard dealing with this case.

Mr. Bell: Wait. Let us deal with that. We know that there were Hansard references on June 10, 11, 12, 16 and 18--it would be a little tough to do it for June 18 but at least those other dates in June. Were all of those days' Hansards made available to the board?

Mr. Macdonald: Those that were available by the time of the mailing, which was June 12, were sent with the mailing and those that occurred subsequently and were available were distributed at the time of the board meeting.

Mr. Bell: Encoded in that material you could confirm the two statements made by Mrs. Caplan in the House and the statement made by the Premier (Mr. Peterson)?

Mr. Macdonald: I believe so. I am not sure; I would really want to check that.

Mr. Bell: Now, would you turn to tab 23 please. Will you confirm that this is a draft of the minutes of the June 18 board meeting?

Mr. Macdonald: The board had that prepared by the secretary. It is the first draft.


Mr. Bell: This is a draft that has been reviewed by you?

Mr. Macdonald: Yes, I have seen it and Mr. Blakely has seen it.

Mr. Bell: Do we take it that any comments that you have made or had in respect to the content of these minutes is reflected in this document?

Mr. Macdonald: No. Normally, when this document draft is prepared, it goes to Mr. Blakely and those members of the staff who are involved in the meeting to see whether it fairly reflects what was said.

P-1145 follows



~~Mr. Blakley and those members of the staff who were involved in the meeting~~
to see whether it fairly reflects what was said at the meeting. When all of
their comments are included, then it comes to me for my approval as a document
to be sent out to the board as the official record of the meeting.

Mr. Bell: Have you done that yet?

Mr. Macdonald: No.

Mr. Bell: Have you reviewed this document at all to determine
whether and to what extent you approve it?

Mr. Macdonald: Not finally, no.

Mr. Bell: But you have done in some way?

Mr. Macdonald: Yes, I have it in hand.

Mr. Bell: All right. In this minute there are matters that are
attributed to you. For example, the document that is headed page 15, 16, 22,
23, 24, 25 and 26. Are you able to confirm that those matters that are
attributed to you accurately reflect what you said at that meeting?

Mr. Macdonald: I think the substance of what is reported there is a
record where I am concerned. I would make some editorial improvements in the
interests of literary style but beyond that--

Mr. Bell: We all defer to you on that one, sir.

Is there anything else about what anybody has attributed as saying that
does not accord with your recollection of what was said at that meeting?

Mr. Macdonald: Mr. Blakley mentioned to me, and normally this would
be something we would go over with the clerk before the final thing was sent
to the board. There were a couple of things that he had heard. I think he has
done that in the margin.

As I say, the normal process is for us to go over those and then finally
to conclude fairly what presents a discussion and what does not, to get it
out. In this case that discussion has not taken place because of the sequence
of timing with these minutes.

Mr. Bell: We might do some of that now. Would you turn to page 19 of
the minute, Mr. Macdonald? Can you confirm for me, sir, that the discussion
with specific reference to Mr. Caplan starts at the bottom of this page and
goes on really on to page 22, when we include references to press reports and
statements in the Legislature. Have you had any discussion to date with Mr.
Blakley as to anything that is attributed to him in these pages?

Mr. Macdonald: Only the indication that he has given in the column a
couple of times that he did not believe that was properly attributed to him.
He went on to make that clear.

Mr. Bell: As part of that, are you referring as part of that to the
top of page 21?

Mr. Macdonald: Top of page 21.

Mr. Bell: Specifically, the sentence that starts: "Further Mr. Blakley said that why they discussed three possible methods of payment of fees to Mr. Caplan for his efforts on behalf of Wyda and IDEA, insisted that Mr. Caplan receive a straight per diem rather than any bonus or incentive."

For the record, on the left-hand side, the handwritten note, "??not so," is Mr. Blakley's?


Mr. Macdonald: I believe so.

Mr. Bell: In your discussions with Mr. Blakley, do you understand that he did not say that, as it is set forth in this typed minute?

11:50 a.m.

Mr. Macdonald: At that point in the discussion, there was a great deal of discussion going on around the board meeting table about what had been said in the House, what had been said in the press, what had been said by Mr. Caplan and others.

PT150 follows



~~... said in the House, what had been said in the press, what had been said by~~
~~Mr. Caplan, etc.~~ Mr. Blakley indicated to me--and as far as I recall
that discussion, I would agree with him--that did not represent what he said
at that point in the discussion.

Mr. Bell: Can we talk about the substance of that sentence, why they
discussed with IDEA three possible methods of payment? From your recollection
from that meeting was that substance discussed by anybody?

Mr. Macdonald: The only reference to that, that I recall from the
meeting, was someone saying, "There is some reference in the press to these
three possible methods of payment." I certainly do not recall Mr. Blakley
speaking about that.

Mr. Bell: Do you recall anybody else anybody else speaking about it,
as to whether IDEA had those discussions with Wyda?

Mr. Macdonald: I do not believe that question was asked or raised by
anybody that I recall.

Mr. Bell: Do I understand IDEA's position to be, sir, through you,
that this discussion did not take place between anybody at IDEA and anybody at
Wyda at any time?

Mr. Macdonald: Certainly as far as I am concerned personally, that
is correct. I really defer to Mr. Blakley and Mr. Logan for their part in the
discussion.

Mr. Bell: Maybe they could answer that now while we are dealing with
it.

Mr. Blakley: May I have the question again?

Mr. Bell: Is it IDEA's position that it did not have, nor anybody on
its behalf have, with Wyda or anybody on Wyda's behalf have discussions of the
type described in this sentence at any time?

Mr. Blakley: I had no discussions with Wyda at all.

Mr. Bell: That is not my question, sir.

Mr. Blakley: Of any nature.

Mr. Bell: My question is what is IDEA's position? Did it or anybody
on its behalf have with Wyda on anybody on its behalf discussions that are set
out in that sentence?

Mr. Blakley: Not to my knowledge.

Mr. Bell: Mr. Logan?

Mr. Blakley: Except Mr. Logan might have had a conversation.

Mr. Logan: We have a discussion. It is related to point 17 on page
10 of Mr. Macdonald's opening statement.

I had a phone call with Mr. Dobziński.

Mr. Bell: Can you help us? Just let us catch up to you in your paragraph 17.

Mr. Logan: Page 10 of Mr. Macdonald's opening statement mentions that the discussions in this regard in late May or early June, Mr. Logan was informed that Wyda's relationship with Mr. Caplan was going to end and that Wyda was going to pay Mr. Caplan \$8,000 per month for the next two to three months.

Mr. Dobzinski related to me in that conversation that one of the other options that was considered was paying Mr. Caplan \$150 an hour for the time he would spend during that time. This is the option he chose to go with.

Mr. Bell: During that discussion or in any other discussion, did you or anybody else on IDEA's behalf insist that Mr. Caplan receive a straight per diem rather than any bonus or incentive to Wyda or anybody on its behalf?

Mr. Logan: No, I did not. As far as I know, I was the only person who discussed this matter with Mr. Dobzinski.

Mr. Bell: All right. Do you attribute the content of this sentence to be a matter of stenographic error?

Mr. Logan: Which sentence are you referring to?

Mr. Bell: The one we have been talking about starting, "Further" and ending "incentive."

Mr. Logan: I could not attend the June 18 meeting.

Mr. Bell: Oh, that is right.

Mr. Logan: And I was not there.

Mr. Bell: Maybe somebody else from IDEA would want to comment on that? Do you contribute this sentence to stenographic error?

Mr. Blakley: I do, certainly because--


Mr. Bell: Mr. Macdonald, you have the floor, sir.

Mr. Blakley: I am sorry.

Mr. Macdonald: Oh, I am sorry. My only recollection was, as I say, there was a lot of discussion at that point about what had been in the press and what had been raised by the Caplan relationship. It is possible that was referred to there. It is likely attributed to Mr. Blakley. That is the only explanation I can make of it.

Mr. Bell: All right. The next sentence, Mr. Macdonald. Are you able to confirm that the handwritten amendments and the other...

(P1155 follows)



(Mr. Bell)

~~Mr. Macdonald, are you able to confirm that the handwritten amendments~~
~~and the~~ notations made to this sentence are Mr. Blakley's?

Mr. Macdonald: I understand that they are.

Mr. Bell: Before today, did you ever have any discussions with Mr. Blakley about this sentence?

Mr. Macdonald: Only yesterday.

Mr. Bell: You had no discussions prior to yesterday. Before yesterday, did Mr. Blakley ever indicate to you that he disagreed with the content of that typed version?

Mr. Macdonald: No, only when we were reviewing the documents yesterday did he indicate his concern about that.

Mr. Bell: All right. The sentence says, "Mr. Blakley said that--" and this is with an amendment, "--at the time IDEA made investment, IDEA was not aware that Mr. Kaplan's monthly fee would go from 2,000 to 8,000 after IDEA provided funds to Wyda." Then the following, to the conclusion of the sentence is stroked out: "--to assist Mr. Kaplan to start his own business." Are you able to confirm the first part of that sentence as fact that at the time IDEA made the investment, it was not aware that--I will use more neutral language--Mr. Kaplan's retainer was changed to the \$8,000 per month?

Mr. Macdonald: I cannot say whether Mr. Blakley made the remark attributed to him or not in these minutes. He says that he does not and I certainly believe him. More importantly, the board was not aware of any such change in remuneration.

Mr. Bell: At the time the investment was made. When was the first time the board was made aware of the change in the retainer to \$8,000 per month?

Mr. Macdonald: When it was reported in the press.

Mr. Bell: Is that between the June 10 and June 16?

Mr. Macdonald: It was certainly a few days before the board meeting on June 18.

Mr. Bell: That is fine. Do you recall that anybody at the June 18 meeting, in connection with the change of the retainer to \$8,000, advised it was to assist Mr. Kaplan to start his own business?

Mr. Macdonald: No, I do not recall any reference to that.

Mr. Bell: Mr. Blakley?

Mr. Blakley: I have no recall of that whatsoever.

Mr. Bell: Members, with your permission, I would like to ask a couple of questions of Mr. Blakley to understand the full context of this sentence. When you reviewed this draft minutes and made these notes in the last sentence, may I understand the sequence of the notes? Are you with me?

Mr. Blakley: Yes.

Mr. Bell: The handwritten addition after the word "that" was made by you when you first reviewed the notes?

Mr. Blakley: It is not my writing.

Mr. Bell: Whose writing is it?

Mr. Blakley: I do not know. It might be Geoff Cannon's who is representing Mr. Logan on the Wyda presentation in Mr. Logan's absence. It is not my writing.

Mr. Bell: Are you the one who drew the arrow from the phrase "starting to assist" up to and after "\$8,000?"

Mr. Blakley: No.

Mr. Bell: Who did that?

Mr. Blakley: I do not know. My only writing on that page was the two notes, one in the right-hand column and one in the left-hand column; notes saying "not so," referring to, as far as I was concerned, that whole paragraph and my note to Lori, the secretary of the board who obviously had a question about it. My note was "Lori, let's discuss this, I don't understand it."

Mr. Bell: This is the draft that you reviewed, because your notes are on it. When you reviewed it, was there anything done to the last sentence? In other words, were the crossing-out and the arrow in the last sentence when you reviewed it?


12:00 p.m.

Mr. Blakley: No.

Mr. Bell: Is it fair to say that after you reviewed it, you did not do anything to that last sentence?

Mr. Blakley: I wanted the whole paragraph corrected and put right, but was never given a chance to do so, to meet Lori.

P-1200 follows.



~~It is fair to say after you reviewed it you did not do anything to that sentence?~~

~~Mr. Blakley: I wanted the whole paragraph crossed out and I thought I never did get a chance to do it.~~

Mr. Bell: It is your evidence I understand, Mr. Blakley, that you did not say what is crossed out in this sentence, at that meeting?

Mr. Blakley: I did not say it.

Mr. Bell: Do you recall anybody else saying that?

Mr. Blakley: No, I do not.

Mr. Bell: Do you have any explanation why it is in this note?

Mr. Blakley: It might have been said by somebody in the room at the time. I do not recall who would have said it.

Mr. Bell: Mr. Logan, were you at that meeting?

Mr. Logan: No, I was not.

Mr. Bell: Mr. Maruzzo, were you at that meeting?

Mr. Maruzzo: No, I was not.

Mr. Bell: I thought I was going to have a reason to ask you a question. I would like to know who made the notation and when and I. If you could make inquiries and advise us before your evidence electively is completed.

Mr. Pope: Could I ask that the secretary's original notes of this meeting also be made available?

Mr. Bell: I have them. I can advise the committee that the phrase is tracked word for word and if necessary we will have to call the secretary to help us how she can in the making of the note.

Do you have any belief who made these notations in the last sentence?

Mr. Blakley: I do not know. I know it was not myself.

Mr. Bell: Anybody else have any belief who made the notations?

Mr. Blakley: To my knowledge it was only three of us who would have reviewed these minutes, Mr. Macdonald, Mr. Cannon and myself.

Mr. Bell: We have Mr. Macdonald here. You have already told me you did not do the striking out nor did you indicate the arrow. Does that leave one other person, Mr. Blakley?

Mr. Blakley: I would guess, Mr. Cannon. We should confirm with him. It could have been the secretary herself.

Mr. Bell: You will make inquiries and let us know as quickly as possible. At the bottom of page 21, Mr. Macdonald, there is an indication of discussion about a statement made in the press by a representative of IDEA. Does that relate to the Wyda investment in the Caplan matter?

Mr. Macdonald: Yes.

Mr. Bell: What was that statement about? Is that statement contained in the material in tab 22?

Mr. Macdonald: Tab 22.

Mr. Bell: Can you show us what you are referring to?

Mr. Macdonald: I think the board member raised that when ??

Mr. Bell: Can you tell us what article that is referring to specifically?

Mr. Macdonald: I only recall one ?? statement.

Mr. Bell: I am looking at an article in the Toronto Sun, Wednesday, June 11, 1986.

Mr. Macdonald: That is the only one I am aware of.

Mr. Bell: About three quarters of the way down, Mr. Maruzzo, is quoted. Is that correct?

Mr. Macdonald: Correct.

Mr. Bell: Is that the article you are referring to? Is that the statement you are referring to?

Mr. Macdonald: Yes.

Mr. Bell: Did that statement raise any concern on the part of the board?

Mr. Macdonald: Only the question asked you about the propriety, to start talking publicly about the board policy and practices.

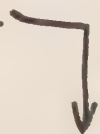
Mr. Bell: Did the board disagree with any substance of what was attributed to Mr. Maruzzo?

Mr. Macdonald: There was no discussion about his comments at all. It was the point of principle.

Mr. Bell: No indication of whether you agreed or disagreed.

Mr. Macdonald: No.

[P-1205-1 follows]



Mr. Bell: Can you confirm in this minute there is discussion as for the issue of whether certain confidential information from the files of IDEA was reported in some of the press coverage?

Mr. Macdonald: There is 21.

Mr. Bell: What is that all about, sir?

Mr. Macdonald: The member of our board asked how it was in the light of all these comments in the press about the IDEA investment that that would have found its way into the press. I advised the board that in fact the discussion had been initiated in the Legislature and that it seemed to me that the press was discussing, describing and reporting on what had taken place in the Legislature. That seemed to satisfy the board that there was not any impropriety as between the staff and the press about the board and corporation business.

Mr. Bell: In fact, I understand the press co-operated with a number of individuals who were designated by Mr. Carman to do an investigation as for the matters that were raised in the House. Is that correct?

Mr. Macdonald: I do not know.

Mr. Bell: I will ask somebody else then. Can I ask you about the matter on page 24 and then probably get out of your hair. The bottom of the paragraph at the top of the page, talking about the additional \$1 million. Do you see that?

Mr. Macdonald: Yes.

Mr. Bell: It says, "Mr. ??Dell stated his understanding that the new entity would be precluded from investing over a million dollars. Mr. ??MacKinnon, confirmed that an order in council will be required for investments over \$1 million. Is Mr. MacKinnon's comments in relation to the new entity or in relation to IDEA?"

Mr. Macdonald: The new entity.

Mr. Bell: I am sorry.

Mr. Macdonald: The question was, how would this money find its way out after June 30.

Mr. Bell: Before June 30, no order in council required. Members, may I just have a moment.

Mr. Macdonald, you are quoted in the press as having had a discussion with the Premier on this matter after it was initially raised in the House. Is that correct?

Mr. Macdonald: No, with Mr. Carman.

Mr. Bell: When did that discussion occur?

Mr. Macdonald: Mr. Carman, called me on the telephone. I was in Ottawa, so it must have been during the 11th. He asked if any representations had been made to me or the board by members of the government. I said, no.

Mr. Bell: In what respect, sir?

Mr. Macdonald: With respect to bringing any influence to bear on the board's decision on Wyda.

Mr. Bell: When you gave that answer were you speaking on behalf of all of the directors?

Mr. Macdonald: No. I said, I was speaking for myself and as far as I was aware, for the board as an entity. I could not of course speak for individual board members.

Mr. Bell: Do you know if that question was asked by Mr. Carman or others, or the other directors?

Mr. Macdonald: Mr. Carman, told me ne was going to call Mr. Blakley, and put the same question to him. I thought that was a good idea. He did not indicate that he was going to call other board members. Certainly no other board members indicated to me that they had been called.

Mr. Bell: In so far as you are concerned, did you receive at any time before IDEA approved the \$3 million investment, any communication of any nature from anybody in or connected with government concerning the proposed investment?

Mr. Macdonald: None at all.

12:10 p.m.

Mr. Bell: One of the issues that the committee has to consider is whether or not the investment by IDEA was as a result in some--
P-1210-1 follows



~~government concerning the proposed investment~~

~~Mr. Macdonald: No.~~

Mr. Bell: One of the issues the committee has to consider is whether the involvement by IDA was as a result of part of political influence. What is your answer to that question?

Mr. Macdonald: As far as I am concerned, as chairman of the board, there was no political influence brought to bear.

Mr. Bell: At any time during the board's consideration of the investment and against the background of Mr. Caplan's involvement did the board consider whether the conflict-of-interest guidelines as they apply to ministers was applicable?

Mr. Macdonald: The board did not discuss the government's conflict-of-interest guidelines. Our position was that was for the Caplans to determine.

Mr. Philip: That was for who?

Mr. Macdonald: The Caplans.

Mr. Bell: Did you have any other discussions after the matter was raised in the House and until today with anybody else of and representing government?

Mr. Macdonald: Only with Mr. Carman in response to his request.

Mr. Bell: The one you have told us about.

Mr. Macdonald: Yes.

Mr. Bell: Have you told us everything about that discussion?

Mr. Macdonald: Yes, that was the one question put to me and that was my answer.

Mr. Bell: Was that the only question put to you?

Mr. Macdonald: Yes.

Mr. Bell: Has the board ever considered whether--

The minute at Tab 23 on pages 27 and 28 contains reference to a motion respecting additional investment in Wyda. Can you confirm that those pages accurately reflect the substance of the motion that the board passed that day?

Mr. Macdonald: Excuse me, would you give me the--

Mr. Bell: Pages 27 and 28.

Mr. Macdonald: Yes, I believe that is the complete substance of the board's resolution.

Mr. Bell: And whereas staff recommended \$1 million, the board approved \$500,000 on the conditions set forth.

Mr. Macdonald: Correct.

Mr. Bell: Why did the board not accept the staff recommendation?

Mr. Macdonald: Essentially, they felt the spirit of the venture at this point was to share the responsibility and it was important to see that Wyda make the effort to secure funding on its own. We were advised they might not have the particular technical capacity within their midst to do that. We said that in that case, as we have done in other instances, we should ask, as we did in the third part of the resolution, that they get an individual who had the ability to raise outside sources of funding. That was the reason.

Mr. Bell: All right. Since June 18, what has been your direct involvement with the Wyda matter?

Mr. Macdonald: None at all save for the executive committee meeting at the end of last week.

Mr. Bell: On Friday.

Mr. Macdonald: Yes.

Mr. Bell: Again, what happened at that meeting?

Mr. Macdonald: I was looking for the ??point in the minutes. At the top of page 27, it was agreed that as a condition of approval for the \$500,000 investment, criteria for flowing the funds would be negotiated between IDEA and Wyda and approved by IDEA's executive committee and any other board member who would want to be involved prior to signing of the executed documentation. The purpose of the executive committee on June 27 was to hear from Mr. Logan who had been undertaking those negotiations to be satisfied that the criteria for flowing the funds were agreeable to the executive committee and they were.

~~Mr. Bell: Will you make available to the committee the minutes of the meeting?~~

P-1215-1 follows



~~who had been undertaking those negotiations to be satisfied that the criteria for flowing the funds were agreeable to the executive committee and they were.~~

Mr. Bell: Will you make available or have made available to this committee a full copy of that full minute?

Mr. Macdonald: Certainly.

Mr. Bell: While we are doing it, there is reference in your statement to the confirmation letter forwarded to Wyda dated March 21, 1986. It is in paragraph 12. That letter is not in your material. Can you, as quickly as possible, arrange to have that made available to the committee? That is an oversight on my part not to specifically request it.

Interjections.

Mr. Bell: If you can have that available over the lunch hour so we can deal with it before the examination of the Wyda people is concluded.

Can we do a short inventory and then I am finished as for your documents. I will not ask you about document one because that was prepared for the purpose of the attendance today, but will you tell this committee as for each of the documents when they first came to your attention starting with document two.

Mr. Macdonald: I saw document two for the first time in the preparation of the documents yesterday.

Mr. Bell: Just one point, for accuracy, whereas at page 5 of your statement you indicate that the business plan described Mr. Caplan as Wilfred Caplan, CGA, vice-president finance?

Mr. Macdonald: Yes.

Mr. Bell: If you look at the second page of the Tab-2 document, you will confirm he is described as vice-president finance and administration?

Mr. Macdonald: Correct.

Mr. Bell: When did document 3 first come to your attention?

Mr. Macdonald: Also in our review of documents yesterday.

Mr. Bell: Document 4?

Mr. Macdonald: Again, yesterday.

Mr. Bell: Document 5?

Mr. Macdonald: Also yesterday.

Mr. Bell: Document 6?

Mr. Macdonald: Same time.

Mr. Bell: Document 7?

Mr. Macdonald: Same time.

Mr. Bell: Document 8?

Mr. Macdonald: Also the same time.

Mr. Bell: Document 9? We have already talked about document 9.

Mr. Macdonald: Document 9 I had a few days prior to ??

Mr. Bell: Yes, and we have already talked about 11.

Mr. Macdonald: At the board meeting.

Mr. Bell: We have already talked about--

I am sorry, 10 at the board meeting, 11--

Mr. Macdonald: Yesterday.

Mr. Bell: --yesterday. Document 12?

Mr. Macdonald: Yesterday.

Mr. Bell: Document 13 speaks for itself.

Mr. Macdonald: Document 14, as soon as they came back to me from the secretary after the board meeting on March 6.

Mr. Bell: Did the draft of this minute go through the same process that you described for June 18?

Mr. Macdonald: Yes. All of them.

Mr. Bell: Have you retained or has IDEA retained the previous draft copies with marginal notes?

Mr. Macdonald: That I do not know. Do you know Mr. ??

Mr. Armstrong: Do not know.

Mr. Logan: Do not know.

Mr. Bell: Do not know or did not?

Mr. Armstrong: We do not know and I can ??

Mr. Bell: Would you make inquiries and if such still do exist, would you produce that which is available to me at earliest opportunity?

Document 15?

Mr. Macdonald: Yesterday.

Mr. Bell: Document 16?

Mr. Macdonald: That I asked to see prior to the board meeting on June 18.

Mr. Bell: For what purpose?

Mr. Macdonald: Because I had seen reference to it and I wanted to see exactly what was said expecting there might be questions about it from the board.

Mr. Bell: Did you draw any conclusions after you reviewed the document?

Mr. Macdonald: No.

Mr. Bell: Specifically, those are the two documents; the acknowledge of April 11 and the letter of January 31, 1986?

Mr. Macdonald: Yes.

Mr. Bell: Document 17.

12:20 p.m.

Mr. Macdonald: Yesterday.

P-1220-1 follows



Mr. Macdonald:

Mr. Bell: Document 17

Mr. Macdonald: Yesterday

Mr. Bell: Eighteen?

Mr. Macdonald: On May 6 or May 7.

Mr. Bell: Nineteen, you have already told us on or about the date--

Mr. Macdonald: Yes, June 12.

Mr. Bell: I am on 19, sir, the May 5 memorandum from Mr. Logan. You already told us you saw that.

Mr. Macdonald: I jumped ahead of you. The May 5 one I would have seen on May 6 or May 7.

Mr. Bell: June 12, tab 20?

Mr. Macdonald: I saw that, again, two or three days before June 12 in our briefing report.

Mr. Bell: Tab 21?

Mr. Macdonald: Yesterday.

Mr. Bell: You have already told us about 22 and 23.

Mr. Macdonald: Correct.

Mr. Bell: Mr. Chairman, those are my questions for Mr. Macdonald at this time.

The Vice-Chairman: We have four members who have indicated they would like to ask questions regarding your testimony, Mr. Macdonald. Your flight is at 2 p.m. I think you want to be going soon.

Mr. Macdonald: ?? risk if I can be helpful.

The Vice-Chairman: I will be guided by the committee. My inclination would be that the questioning should not commence now; it should commence when we can do it in a cohesive manner. We only have 10 minutes.

Mr. Philip: Let us use the 10 minutes and proceed.

Mr. Chairman: All right. Mr. Epp.

Mr. Philip: I thought we were rotating the questioning lead-off. The Liberals rotated last time.

The Vice-Chairman: Did they start it last time? I had you down last time. All right, we will start with Mr. Wildman.

Mr. Wildman: Mr. Macdonald, can you indicate when you and/or the board were made aware of the relationship between Mr. Caplan and the cabinet minister?

Mr. Macdonald: That was in my briefing by the staff, a regular briefing we have of items that are coming up on the next board agenda. As I mentioned earlier, it was four or five days prior to February 12.

Mr. Wildman: In the documents at tab 5 there is an October 16 memo, I guess from Mr. Logan, directed to Mr. Blakley and Mr. Cannon. It states: "After our experience with the--"and that is blanked out--I thought you guys might be interested in knowing how Wyda plays its political connections. The vice-president of financial administration of Wyda is a fellow by the name of Wilfred Caplan who happens to be the husband of Elinor Caplan, not only a full cabinet minister in the Peterson government, but also secretary of the cabinet." It goes on to state that Mr. Dobzinski, the president, has said that he had made it clear that Mr. Caplan would have absolutely nothing to do with any of the meetings or negotiations between IDEA and Wyda and that IDEA should deal with Mr. Dobzinski.

Could either Mr. Logan or Mr. Blakley make clear when normally that kind of information would be made available to the chairman and/or the board, or if that was just dealt with by staff during negotiations with an applicant?

Mr. Logan: It was strictly a staff matter and it was dealt strictly with staff. Did not see a need, in as much as Dobzinski was making it clear that Caplan was not to be involved at this stage, that it was a matter for the board.


I would like to correct one thing, Mr. Wildman. This last sentence should read that he, Dobzinski, went on to explain that should we ever need some information that Caplan could provide, specifically financial information, we should speak to him, Caplan, but that would be the extent of our interaction with him.

Mr. Wildman: Subsequent to that did you contact Mr. Caplan on that basis at any time?

Mr. Logan: Yes, quite a bit later in the process when we wanted information about the financial projections that Mr. Caplan had prepared on behalf of Wyda.

The Vice-Chairman: If I may, Mr. Wildman, it is up to you how you want to use . . .

1225-1 follows



~~Mr. Caplan had proposed on behalf of Wyda~~

The Vice-Chairman: If I say, Mr. Wildman, it is up to you how you want to use your time, but remember that we may not have Mr. Macdonald back for a while--

Mr. Wildman: I just want to ask two further questions on this. First, Mr. Logan or Mr. Blakley, I may be reading that first paragraph and the wording of the first paragraph differently than you meant it, but it sounds to me that you considered this a matter of some significance when you state, "The vice-president of finance an administration of Wyda is a fellow by the name of Wilfred Caplan who happens to be the husband of Elinor Caplan, not only a full cabinet minister in the Peterson government, but also the secretary of the cabinet." If you did consider it a matter of some significance, is that not something you would think should be dealt with at a higher level?

Mr. Logan: We dealt with that at the board meeting of March 6 when we divulged that Mr. Caplan was the husband of Elinor Caplan. The reference in the first paragraph is that, from time to time people will indicate to us that they have political connections and they try to use that as influence, but in this particular case, that did not happen and it was appreciated by us.

Mr. Blakley: It was an indication to us that Mr. Dobzinski wanted to play down the fact.

Mr. Wildman: Could you explain, is there any significance to the wording, "how Wyda plays its political connections"?

Mr. Blakley: Yes, in that it was choosing not to use that connection to try to bring any influence ??

Mr. Wildman: In other words they were putting Mr. Caplan on the bench, to use a sports term.

Mr. Blakley: He was to be kept away from--

Mr. Bell: I fully intend to review this document with those who drafted it and have reference to it. I think, in fairness, the chronology and the continuity of the questions leading up to and post that document, will be better on the record and will be of better assistance to the committee.

Mr. Wildman: I have a question of Mr. Macdonald. You stated in your statement that the board had never had to deal with a situation before where a principal of a company making an application was the spouse of a cabinet minister. If that is the case, as chairman of the board would you expect staff to have made you aware of this prior to the actual discussion of the application at the March 6 meeting?

Mr. Macdonald: No, only prior to going to the board along with all other information about the deal.

Mr. Wildman: You would not expect that?

Mr. Macdonald: No.

The Vice-Chairman: We really should adjourn at this point. Mr. Macdonald, gentlemen, we really appreciate your appearance this morning.

Interjection.

Mr. Philip: ??

The Vice-Chairman: This is what we are getting into and I--

Mr. Philip: ??

The Vice-Chairman: I think we will have to leave it at that. We request your appearance again, Mr. Macdonald. Thank you very much, gentlemen, for your testimony.

Mr. Pope: On a point of order: Would Mr. Macdonald have a copy of a letter that we received from Mr. Carman this morning? It directly contradicts what he said.

Mr. Bell: No, he does not and I think, in fairness, he should see it and comment on it.

Mr. Pope: I have underlined the relevant section. It says that this was a special administrative arrangement, that it was not business as usual as Mr. ?? said.

Mr. Epp: Mr. Chairman, you just cut me off and now you are permitting Mr. Pope to go on. That is not fair.

The Vice-Chairman: I am going to stop him there and we will resume. Do I understand that the other officials of IDEA, apart from Mr. Macdonald, will be back before us following routine proceedings? Is that the order the committee wishes to proceed?

Mr. Bell: It does not make any sense if they do not. We have just started the IDEA testimony and unless it is absolutely necessary to the committee and other schedules, that should be concluded concurrently and coherently upon Mr. Macdonald's testimony.

12:30 p.m.

The Vice-Chairman: Subject to the committee's approval I will direct that the rest of you be with us again at approximately 3:30. Mr. Macdonald, we will contact you regarding a convenient time for reappearance and the clerk will contact . . .

1230-1 follows



(The Vice-Chairman)

I will direct that the rest of you be with us again at approximately 3:30 p.m. Macdonald, we will contact you regarding a convenient time for your appearance. The Clerk will contact Mr. and Mrs. Caplan and tell them they will not be appearing this afternoon.

Mr. Philip: This evening may be a continuation of this morning or it may be the Wyda Corp. but the Caplans are not expected today, is that our understanding?

The Vice-Chairman: That would be my recommendation.

Mr. Wildman: What time are we commencing this afternoon?

The Vice-Chairman: Following routine proceedings, after question period at approximately 3:30.

The committee recessed at 12:31 p.m.



JUL 2 1987



3 1761 11467118 3